

TREASURY

FILE BEGINS 20.2.50 ENDS 22.9.50

PART E

PART

FILE TITLE

FILE NUMBER

IF

*The Problem of Arab
Refugees.
Relief and Resettlement.*

W
476

13/21/06

FILE NUMBER

INDEX HEADINGS

IF

Refugees etc

Palestine

1950

CLASS No T 220

PIECE No 150

REFER TO

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17 2/12/04
18 2/12/03

CROSS REFERENCED UNDER—

Germany
Middle East
Missions & Work
Paris
2200-0-000
International Refugee Organization

Mr. Field Robinson
Sir William Matthews

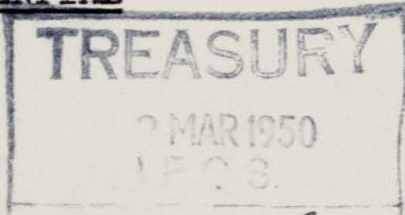
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FOREIGN OFFICE, S.W.1.

25th February, 1950.

(EE 1825/38)

CONFIDENTIAL



My dear Clough,

*Seen. I will do all I can
to meet the suggestion in para
4, subject to the UN retaining
the authority for importing
these voluntary contributions.*

I am sending you herewith a copy of a letter which I sent to Greenhill at our Embassy in Washington on 18th January regarding the operation of the United Nations Relief and Works Agency for Palestine Refugees.

Our Delegation to the United Nations, to whom a copy was sent, have now commented, and in connexion with the proposal in paragraph 4 that contributions should be paid direct to the Agency rather than to the Secretary-General of the United Nations, have suggested that it would probably be best if the Treasury were to consult Sir William Matthews on this point. As a Member of the Advisory Committee on Administrative and Budgetary Questions, he will, as they point out, be in a good position to influence the decision.

/The

A. H. Clough, Esq., O.B.E.,
Treasury.

DEPT
10 8
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The question is not an urgent one, since it will probably be some time before the Agency receives sufficient contributions to refund the International Refugee Organisation Loan and the advance from the United Nations Working Capital Fund. I should however be glad if you would put the point to Sir William Matthews at your convenience.

Yours ever,

T. Blount

No. DF 1515/7

18th January, 1950.

(E 14812/1821/31)

CONFIDENTIAL

We have been considering further the organisation of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, in particular the relations between the Advisory Commission and the Director and between the Agency as a whole and the United Nations.

2. We have come to the conclusion that it would be unprofitable to continue the discussion as to whether the Director is to be a Managing-Director or a General Manager. As we see it the main thing is for the Director and the Advisory Commission jointly to arrive at a modus operandi which will satisfy both and the Governments putting up most of the money. A satisfactory arrangement will depend very much on the personalities involved but the following principles should be borne in mind:-

- (a) the Agency would seem to consist of the Director and the Advisory Commission together. The former is however not a member of the latter and is not entitled as of right to attend its meetings;
- (b) The Director is the "Chief Executive Officer" of the Agency in the British rather than the American sense;
- (c) while the members of the Advisory Commission will have functions for which they are solely responsible to the Governments who appointed them as their representatives, the General Assembly assigns certain tasks to the Director alone and others to the Director and the Advisory Commission acting together. It is therefore essential that they should co-operate closely in all matters if the Agency is to function satisfactorily;

For this reason the suggestion that the Director and the Commission should agree on a division of labour on the basis that the Director should be responsible for relief plus works relief and the Commission for long-term development (pilot schemes) does not appeal to us.

- (d) the Governments represented on the Advisory Commission, in particular those of the United Kingdom and the United States, will require to be fully informed of the activities of the Agency and to be in a position to guide its activities. Their ultimate sanction will be that of withholding all or part of their promised contributions if the Agency takes a line of which they cannot approve.
- (e) the Director will have, particularly in the initial stages, to co-operate with the Secretariat and other organs of the United Nations, e.g. in the drawing up of staff and financial regulations. Such co-operation

Denis Greenhill, Esq.,
British Embassy,
Washington.

/should

should, however be in consultation with the Advisory Commission.

3. We are aware of the force of some of the criticisms which Morton and Clapp have made of the U.N. Secretariat. We feel, however, that the Secretariat cannot be ignored in view of the functions assigned by the Assembly's resolution to the Secretary-General and other organs of the U.N. including the Technical Assistance Board. It is therefore important that the new Agency should not start in a state of feud with the United Nations. We hope that if the right atmosphere is created from the start the Agency will be in a position to resist in a friendly but firm manner any attempts by the Secretariat to run the show and that the Secretariat will be glad to be rid of responsibility for a thankless and difficult task.

4. We have also discussed with Morton the question of financial control over our contribution. In his view, which is probably shared by Clapp, "not one penny should be paid out to the Secretary-General or even thereafter by the Director of the new Agency without the explicit consent of the British representative on the Advisory Commission".

N.B.

In our view the Secretary-General in operating the special fund referred to in paragraph 16 of the Assembly's resolution acts merely as a banker. Presumably the operation of the fund need give him no power of control over the uses to which the fund is put. On grounds of administrative convenience it might save time and work were contributions at least paid direct to the Agency.

The way in which we see our control over expenditure being exercised is this:-

- (a) our contribution would be paid in instalments so that if things went seriously wrong we could withhold the next instalment;
- (b) we would like provision in the financial regulations that any item of expenditure in excess of a certain figure (say £ 20,000) required the authority of the Director and of the Advisory Commission, possibly in the form of a majority decision of members of the Commission in the Middle East at the time.

X for its equivalent in say 'sterling'

5. We have also considered the way in which the Agency should set to work. We think that the Director should proceed to New York immediately he is appointed in order to start considering staff and financial regulations with the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions. He should also convene the Advisory Commission to meet in New York as

/soon

soon as possible in order that it can express its views on these questions. The Commission might first meet informally to clarify its own ideas and then invite the Director to join it in a formal meeting in order to work out a common programme.

We think that it is important to establish from the beginning that the Director is not a member of the Advisory Commission and is not entitled as of right to participate in its discussions.

From New York the Director and the Commission might go on to Geneva to discuss plans with the Conciliation Commission. From there they would go on a tour of the Middle East in order to work out in as great detail as possible the agreements required with each Government. They would then decide:-

- (a) where their headquarters would be.
Morton is somewhat doubtful about Beirut;
- (b) what staff is needed in order to start operations.

6. With regard to staff Morton thinks, and we are inclined to agree, that until the preliminary talks have taken place in New York and Geneva and the first tour of the Middle East has been completed, the only staff to be selected and appointed should be the Director and the four members of the Advisory Commission, each with his own private secretary, one United Nations administrative officer and one or two shorthand-typists.

7. All the above is mainly thinking aloud but it may be useful in any further discussion with the State Department. It is important that the candidate for the post of Director (when found) should be informed as early as possible of the way in which our two Governments think the Agency should work and that the decision to sponsor his candidature should depend on his favourable reaction on this point.

8. Morton has seen the above and feels that broadly speaking it represents not only his own views but probably also those of his former colleagues on the Economic Survey Mission.

9. I am sending a copy of this letter to the United Kingdom Delegation, New York, the British Middle East Office, Cairo, Paris and Angora. We should welcome any comments they may have.

(T.E. Evans)

P.S.

The above was drafted before I had received your letter No. 1165/12/50 of January 10th. Our views appear to coincide fairly closely with those of the State Department with the possible exception of the assumption that a proportion of the staff now engaged in working for UNRPR and the Agencies will be absorbed by the new Agency. Though admittedly a possibility, we feel that any commitment should be avoided until the director and the advisory commission have visited the Middle East and decided what staff will be needed for their programme.

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21/13/06 223
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TREASURY PRESS CUTTING SECTION
ROOM 126B/1 Ext. 535

To *Mr. Field-Robinson* IF Division

Extract from the *TIMES*

Dated *1 MAR 1950*

Divisions wishing to make observations or action to be taken should communicate with:-

for Establishment or Civil Service topics:-

Mr. J.C. SEDDON
EXT. 600 Room 38/G
N.P.O.

other topics:-
Press Office,
Ext. 261 or 83
Room 77A/1
N.P.O.

RELIEF OF PALESTINE REFUGEES

BRITISH COMMISSIONER APPOINTED

FROM OUR DIPLOMATIC CORRESPONDENT

M. 196

Sir Henry Knight has been appointed to represent the United Kingdom on the United Nations commission now being set up to put into effect the recommendations of the Clapp report for the relief and rehabilitation of refugees in Palestine and the Middle East. The United States, France, and Turkey are to supply the other three members of the commission. Sir Henry leaves to-morrow for New York, where the commission will hold its first meetings.

Sir Henry Knight retired in 1946 from the Indian Civil Service, in which he made a name as an administrator. He was chief adviser to the Governor of Bombay during the war years and for short periods during and after the war acted as Governor of Bombay, Madras, Burma, and Assam. In February, 1947, he was appointed an adviser to the Secretary of State for India.

EE.1825/38

IP.21/13/06

T.F.C.S.
 ← Pa. W.H.P. 2/3

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2nd March, 1950

Dear Evans,

I have shewn your letter of 25th February, 1950 (ref. as above) with enclosure to Sir William Matthews - who made the following comment "I will do all I can to meet the suggestion in paragraph 4, subject to U.N. retaining the authority for 'importuning' these voluntary contributors". With regard to your suggestion under paragraph 4 (b) where you propose a limit of \$ 20,000 on expenditure to be incurred without the previous authority of the Director and of the Advisory Commission, Matthews suggests the words "or its equivalent" be inserted after the dollar sum quoted, since contributions will be made in other currencies, besides dollars.

This leads me to add an observation of my own on the subject of our control over our own contribution, viz. that not only will our contribution be paid by instalments, but it will be paid (as you no doubt remember was agreed) into a special Resident Account to be opened in London either by the Secretary General of U.N. or by the Agency itself (as you may arrange). This means that the owner of the account, be he the Secretary-General of U.N. or the Agency, may not dispose of the monies in that account without the previous consent of H.M.G. - in effect, that of the Treasury. This is just the regime we have imposed on U.N.R.P.R. and on I.R.O., in order to safeguard the "unconvertibility" of our sterling contribution! It gives us the "long-slop" in any case - as we can always say, if we do not like a project, that unconvertible sterling cannot be used for that purpose.

Yours sincerely,

W.H.P.

T. E. Evans, Esq., O.B.E.
 Middle East Secretariat.
 Foreign Office.
 Downing Street.
 S.W.1.

PA

(1) Mr. ~~Neil~~ Robinson woods W.S. 6/3
(3) Mr. Clough. 225

TREASURY
6 MAR 1950
I.F.C.S.
IF. 21/13/16

FOREIGN OFFICE, S.W.1,
2nd March, 1950.

I.F.C.S.
Pl. register on
IF. 21/13/06 W.F.R.
6/3

My dear Clough,

Nym

Sir Henry Knight our Representative on the Advisory Commission of the United Nations Relief and Works Agency for Palestine Refugees is leaving to-day for Lake Success to contact the United Nations Secretariat and his colleague on the Commission.

We have given him the attached brief which will provide him with provisional guidance in connexion with his contacts in Lake Success. I should be glad to have any comments which you may care to make on the brief.

[Signature]
[Signature]
(T.E. Evans)

A.H. Clough, Esq., O.B.E.,
Treasury,
S.W.1.

N.B. Sir Henry Knight had a long talk with Sir William Malleson before leaving for Lake Success.

W.F.R.

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UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE
REFUGEES IN THE NEAR-EAST

The Agency was established by the General Assembly:

- (a) to carry out in collaboration with local Governments the direct relief and works programmes as recommended by the Economic Survey Mission;
- (b) to consult with interested Near-East Governments concerning measures to be taken by them, preparatory to the time when international assistance for relief and works projects is no longer available.

2. The Resolution of the General Assembly (of which a copy is attached) establishing the Agency provides that:

- (a) The Director shall be the chief executive officer of the United Nations Relief and Works Agency for Palestine Refugees in the Near East responsible to the General Assembly for the operation of the programme;
- (b) The Director shall select and appoint his staff in accordance with general arrangements made in agreement with the Secretary-General including such of the staff rules and regulations of the United Nations as the Director and the Secretary-General shall agree are applicable, and to the extent possible utilize the facilities and assistance of the Secretary-General;
- (c) The Director shall, in consultation with the Secretary-General and the Advisory Committee on Budgetary and Administrative Questions, establish financial regulations for the United Nations Relief and Works Agency for Palestine Refugees in the Near East;
- (d) Subject to the financial regulations pursuant to clause (c) of this paragraph, the Director, in consultation with the Advisory Commission shall apportion available funds between direct relief and works projects in their discretion.
- (e) The Director and the Advisory Commission shall consult with each Near-East Government concerned in the selection, planning and execution of projects.

3. ROLE OF DIRECTOR AND ADVISORY COMMISSION.

While the General Assembly assigns certain functions to the Director alone and others to the Director and the Advisory Commission acting together, it is essential in our view that the Director and the Advisory Commission should co-operate closely in all matters. The Agency in fact consists of the Director and the Advisory Commission together. It follows that:

- (a) The Director is the "Chief Executive Officer" of the Agency in the British rather than in the wider American sense. Both policy (within the framework of the Assembly Resolution) and execution should be the joint responsibility of the Director and the

Advisory/

Advisory Commission. The Director cannot, therefore, be compared to the Managing Director of a commercial company (which would give him a position superior to that of the Advisory Commission) nor with a General Manager (which would make him subordinate to the Advisory Commission);

- (b) Any suggestion that the Director and the Advisory Commission should agree on a division of labour on the basis that the Director should be responsible for relief and works relief and the Advisory Commission for long-term development (pilot schemes) should be resisted;
- (c) In his dealings with the Secretariat and other organs of the United Nations Organisation regarding staff and financial regulations and in selecting and appointing staff, the Director should act in consultation with the Advisory Commission.
- (d) Expenditure by the Agency should in general be subject to the approval of both the Director and the Advisory Commission. The financial regulations might, however, provide for payment by the Director alone of:
 - (a) Items of expenditure not in excess of an agreed amount; and
 - (b) Of urgent items in the absence of a Quorum of the Advisory Commission.

4. Members of the Advisory Commission will be solely responsible to the Governments who have appointed them for certain functions, e.g. keeping those Governments informed of the Agency's activities and ensuring, so far as possible, that the Agency's policy conforms with the views of their Government. The Director is not a member of the Advisory Commission and is not entitled as a right to attend its Meetings.

5. RELATION OF THE AGENCY WITH THE UNITED NATIONS.

In view of the functions assigned by the Assembly's Resolution to the Secretary-General of the United Nations and various organs of the United Nations including the Technical Assistance Board, it is essential that the Agency should secure from the outset the friendly co-operation of the United Nations Secretariat. We hope that if the right atmosphere is created that the Agency will be in a position not only to secure the maximum of assistance from the United Nations but also to resist in a friendly but firm manner any attempts by the Secretariat to direct its policy or the operation of its Programme. It is assumed that the Secretary-General in operating the special fund referred to in paragraph 16 of the assembly's resolution acts merely as a banker and that the operation of the fund will not give him power of control over the uses to which the funds are put, on grounds of administrative convenience it might be found advisable for contributions to be paid direct to the agency.

6. FINANCIAL CONTROL

It is anticipated that periodic budgets will be drawn up by the Agency and that the estimates will be approved by the Government represented on the Advisory Commission. It is also anticipated that contributions will be paid by instalments and in general on the basis of the budgets prepared by the Agency.

7. APPOINTMENT OF STAFF AND CHOICE OF HEADQUARTERS

It is the essence of the Programme that the Arab Governments concerned should, as far as possible, be made responsible for the operation of both the Relief and Works Relief Programmes. The main task of the Agency will therefore be to enlist and maintain the support and co-operation of the Arab Governments, for the Programme and the staff of the Agency should be kept down to the minimum compatible with the efficient execution of this Programme.

8. The staff requirements of the Agency cannot in our view be finally determined until the general lines of the agreements to be concluded with the Arab Governments are known. It is, therefore, envisaged that when the Director, and the Advisory Commission have consulted with the United Nations Secretariat, the Palestine Conciliation Commission and the United Nations Relief for Palestine Refugees, they should (accompanied by their personal staffs only), visit the Middle East and in the light of their contacts with the Governments concerned, decide the number and type of personnel required. As there is a risk that staff at present engaged on refugee relief work in the Middle East may, unless offers are made to them soon, make alternative arrangements, it will be advisable for the Director and the Advisory Commission to make tentative arrangements in connexion with certain obviously essential posts immediately they have had an opportunity of consulting representatives of U.N.R.P.R.

9. During their preliminary visit to the Middle East the Director to the Advisory Commission should also decide on the location of the Agency's Headquarters. On balance Beirut would seem to be the best site.

10. The above is intended as provisional guidance for the United Kingdom Representative on the Advisory Commission, particularly in connexion with his discussions with the United Nations Secretariat and his preliminary contacts with his colleagues. The importance of our representative establishing the closest possible relations with his colleagues on the commission (and in particular with the American member) is clear. He should also lose no opportunity of emphasising the part which the British Middle East Office will be able to play in the execution of the Agency's programme.

Minutes of a Meeting held at 10 Downing Street, S.W.1.
on TUESDAY, 7TH MARCH, 1950 at 11.0 a.m.

3. ISRAEL: FINANCIAL NEGOTIATIONS

(Previous Reference: E.P.C. (49) 45th Meeting, Minute 4)

The Committee considered a memorandum by the Chancellor of the Exchequer (E.P.C. (50) 29) on the progress of the economic and financial negotiations with the Israel Government.

THE CHANCELLOR OF THE EXCHEQUER recalled that, when this question has last been considered by the Committee on 18th November, Ministers had agreed that the United Kingdom representatives in the negotiations should try to reach a settlement on the lines proposed in E.P.C. (49) 134. Further discussions showed, however, that there was no possibility of agreement on this basis; against claims amounting to over £21 millions, the Israel Delegation had made an offer of only £7,285,000. He had then authorised the United Kingdom Delegation to put forward a revised claim for £11,507,000 and further to offer certain additional concessions as set out in para. 5 of Appendix C; against this, the Israel Delegation had made a revised offer of £6,177,000 plus the annual cost of the pensions of the former officials of the Palestine Government resident in Israel (equivalent to a capital payment of £2,400,000). If the Israel Government's decision to relinquish their claim to £2,000,000 in respect of the prospective surplus of the Palestine Currency Board was also taken into account, the Israel Delegation's final offer could be regarded as amounting to £10,577,000. In his view, there was no prospect that the Israel Government would be prepared to improve their offer by more than £500,000; indeed, he considered that their financial position was so precarious that this in fact represented the maximum that they could afford to pay, or that we could hope to obtain. In these circumstances, further delay would merely diminish our prospects of obtaining any substantial payments, and he therefore proposed that a settlement should be negotiated on the basis now proposed by the Israel Government, provided that they were prepared to increase their offer by £500,000. If they refused to make this further offer, he proposed that the negotiations should be broken off.

In discussion the following points were made:-

(a) THE FOREIGN SECRETARY said that, while he did not dissent from the recommendations made in E.P.C. (50) 29, he felt that the treatment accorded to the Arabs compared unfavourably with the generous settlement which it was now proposed to make with the Israel Government. Once it became known that we had made a settlement with Israel falling far short of our reasonable claims, we should find it increasingly difficult to justify our refusal to make a more substantial contribution towards the United Nations arrangements for the relief of Arab Refugees in Palestine and Jordan. He hoped, therefore, that it might be possible for the Chancellor to reconsider his decision on this issue.

THE PRIME MINISTER said that this question should be reviewed. If agreement could not be reached between the Treasury and Foreign Office points of view, the matter could be brought to the Committee.

(b) THE SECRETARY OF STATE FOR THE COLONIES said that the Colonial Office attached special importance to two points: first, that adequate provision should be made for the payment of pensions to former officers of the Palestine Government and, secondly, that every effort should be made to ensure that the Israel Government would accord fair treatment to claims for which they would assume liability under the settlement.

THE CHANCELLOR OF THE EXCHEQUER said that there was general agreement on the first point; the second point had been fully brought out in the discussions, and there was nothing further that could be done to safeguard the position of the persons concerned.

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D. C.

The Committee :-

1. Approved the recommendations made in E.P.C.(50) 29
2. Invited the Minister of State for Economic Affairs to review the amount of the contribution to be made from the United Kingdom Exchequer to the United Nations fund for the relief of Arab refugees in Palestine and Jordan

EE 1825/56.

A. Clough, Esq.,
Mrs. Field Robinson 231

CONFIDENTIAL

1 near way
P.A. on Arab Refugee file

10 MAR Recd
HRC

WITH THE COMPLIMENTS
OF THE UNDER-SECRETARY OF STATE
FOR FOREIGN AFFAIRS

Reference :—

I.F.C.S.

p.a.

I.F. 21/13/06

Copies also sent to :—

N.F.R.

Foreign Office,

9/3 1950

TREASURY
14 MAR 1950
I.F.C.S.

CONFIDENTIAL
No. 147
1165/93/50

British Embassy,
Washington, D.C.
24th February 1950

Sir,

I have the honour to submit a short report on the progress through Congress of the legislation covering American participation in the new United Nations Agency for Palestine Refugees Relief and Relief Works. The proposed extent of the United States financial contribution, as you are aware, is \$27,450,000.

2. The legislation has now received the unanimous approval of the Senate Foreign Relations Committee after hearings in closed session on January 31st. Mr. Gordon Clapp, the Chairman of the United Nations Economic Survey Mission and Mr. George McGhee, the Assistant Secretary for Near Eastern Affairs at the State Department, were the principal witnesses and were supported by a Statement submitted by Admiral Strubel on behalf of Admiral Forrest Sherman, Chief of Naval Operations. In his report to the Senate, the Chairman of the Foreign Relations Committee, Senator Connally, urged support for the legislation on humanitarian and security grounds stating "no one can doubt that peace and security in the Near East have a direct and important bearing on the security and prosperity of the Western World".

3. Hearings before the House of Representatives Foreign Affairs Committee which were in open and closed session, concluded on February 17th. The same witnesses testified and certain of their statements seem worthy of special note. Mr. McGhee said "in this critical area (Near East) we can ill afford to stand by in the face of any major security threat". This remark was amplified by the statement of the Department of Defence which declared "the security of the Middle East is vital to the security of the United States. The Defence Department therefore strongly endorses and supports the legislation". I will comment further on these statements at

/a.

The Right Honourable
Ernest Bevin, M.P.,
etc., etc., etc.,
Foreign Office,
London, S.W. 1

- 2 -

a later date.

4. During the public sessions the Republican members of the House Foreign Affairs Committee have been prominent in urging the State Department to find an outlet in the relief of Arab refugees for the United States food surpluses which are at present embarrassing the Administration.

5. The State Department are confident that the present proposed legislation will successfully pass both the Senate and House of Representatives. It has yet however to be discussed in the Appropriations Committee where it is expected the proposed contribution by foreign nations including the United Kingdom will come under survey.

6. I am sending a copy of this despatch to the Head of the British Middle East Office.

I have the honour to be, with the
highest respect,

Sir

Your most obedient, humble servant,

(SIGNED) OLIVER FRANKS

SIR JAMES CROMBIE

MR. SHARP

AID FOR ARAB REFUGEES

At the Economic Policy Committee meeting of the 7th March (E.P.C. (50) 7th Meeting), the Foreign Secretary suggested that the generous settlement which we were proposing to make with the Israel Government contrasted unfavourably with our refusal to make a more substantial contribution for the relief of Arab Refugees in Palestine and Jordan. The Prime Minister said that this question should be reviewed with the object, if possible, of reaching agreement between the Treasury and Foreign Office points of view.

The attached note sets out the history of our negotiations with the Foreign Office about the amount of the U.K. contribution for the relief of the Palestine Arab Refugees. The Foreign Office pressure for a U.K. contribution of \$9 m. to the new Relief & Works Agency is based on the view that unless we put up that amount Congress will refuse to vote the proposed U.S. contribution of \$27 m. In that event the Clapp scheme will not be a success and the prospects of getting the Refugees resettled will be much diminished. The continuance for some further period of years of a large body of destitute refugees in the Middle East may be a source of political trouble which would have an adverse affect on our own large interests in that area. In particular the Foreign Office consider that the United Nations would lay the blame for the plight of these refugees on the U.K. on the grounds that having originally made the "Balfour Declaration", we should accept full responsibility for all the subsequent troubles in Palestine.

The main objections to our contributing more than \$7 m. to the Clapp scheme are as follows:-

- (i) We cannot but sympathise with the plight of these refugees, but the responsibility to see that they do not starve does not rest solely, or even mainly, with the U.K. The prime responsibility rests with the local governments concerned, but it is also a matter for the United Nations at large. It is up to the other nations to take their share of the burden.
- (ii) The Chancellor's latest offer of a contribution of \$7 m. (£1½ m. over and above our loan to Jordan) is already a very considerable advance on the £½ m. he felt, in August last, should be the maximum of any further U.K. contribution for the aid of Palestine Arab Refugees.

/(iii) We

(iii) We are not in a position, as the Foreign Office proposal would imply, to match the U.S. contribution on a 1-3 basis, and it would not be in our interests to let the Americans get the idea that we can do so. Our tentative plans for aid to South-East Asia contemplate that any assistance from the U.K. shall be in the proportion of 1-8 from the United States, and even then the U.K. contribution is to be in the form of releases of sterling balances.

(iv) Any contribution we make to Arab Refugees is a strain on our balance of payments situation. We have many other calls on our limited resources. Against the risk of reproach by the United Nations for not doing enough for the Arab Refugees, we have to set the risk of a further devaluation of the £1 through trying to do too much.

We ourselves would not regard the arrangements agreed in the case of Israel as comparable with those in connection with the relief of Arab Refugees. In the Israel negotiations we have been faced with a problem of extracting from the impoverished Israel Government the best payment we could in respect of the assets and liabilities (estimated at a total of £21 m.) of the former Palestine Government. We hope to obtain the agreement of the Israel Government to pay us some £7 m. in full settlement. Although this treats Israel very favourably, it must be remembered that we are almost entirely in their hands. About our only way of exercising any pressure on Israel was by the refusal to release their sterling balances. It having been decided that this course was undesirable, we have had to make the best bargain we could.

Our conclusion is that we should refuse to go beyond the total of \$7 m. which the Chancellor has already offered, and we should try to get the Foreign Office to persuade the Americans that it is not reasonable to ask us to pay more.

The Foreign Office have now (in the course of oral discussion) asked for a relaxation of the two conditions we have attached to our contribution. They suggest that insistence on the "matching" condition may lead the United States to attach a similar condition to their contribution. This might result in the U.S. contributing very much less than the \$27 m. at present contemplated. The Chancellor has already (on the 19th January) refused to relax this "matching" condition though he said that if experience showed that it had an undesirable effect he would be willing to give the matter further consideration. The Foreign Office have produced no evidence

/that

that the condition is, in fact, having an undesirable effect. But if we are to maintain our stand against a total contribution of more than \$7 m., it might be as well to avoid having any other points of difference. It is suggested, therefore, that we now give way on this question.

With regard to the "resettlement" condition, the Foreign Office suggest that it will be difficult in practice to enforce this condition from Whitehall especially as payments for development work will be made out of the general fund to which many other governments will be subscribing. They therefore suggest that it would suffice if we embodied our condition in the directive given to the U.K. representative on the new Agency and in addition X seek an arrangement under which payments of our contribution are made by instalments on the basis of 3-monthly reports. These reports would give us the opportunity of criticising, or even withholding future instalments, if we felt that the money was being spent uneconomically.

This is a sensible suggestion and will probably give us as much control as we can effectively exercise.

RECOMMENDATIONS:

1. We should refuse any further increase in the Chancellor's offer of a contribution of \$7 m. (including the loan to Jordan).
2. We should withdraw our suggestion that the U.K. contribution should be conditional upon other nations (excluding the U.S) contributing in the proportion of £4 sterling for each £1 we subscribe.
3. We should agree to the system of control of expenditure suggested by the Foreign Office (see X above).

A. H. CLOUGH

20th March, 1950.

PALESTINE ARAB REFUGEES

These Refugees lost their homes as a result of the recent hostilities between the Jews and the Arabs in Palestine. Early in 1949, the United Nations set up the United Nations Relief for Palestine Arab Refugees Fund (U.N.R.P.A.R. Fund). Of a total of \$32 m. contributed to this Fund, the U.S. provided \$16 m., the U.K. £1,100,000 (then worth \$4.4 m.) and 31 other Governments the remaining \$12 m. When further subscriptions were asked for, the Chancellor took the line (C.M.(49) 54th Conclusion dated 29.8.49) that any further contribution from the U.K. should not be more than £¼ m. or at most £½ m.

In October last year a Mission sponsored by the United Nations and consisting of representatives of the U.S.A. (Mr. Clapp, Head of the Mission), U.K. (Sir Desmond Morton), France and Turkey was sent to the Near East to investigate inter alia the prospects of getting these Refugees resettled. The Mission recommended that the U.N.R.P.A.R. Fund should be replaced by an entirely new body known as the Near East Relief & Works ^{Agency} Association which should continue relief up to December 1950 only, but as soon as possible arrange development works which would make the Refugees self-supporting. The Mission sketched out a programme of relief and works projects costing \$54 m. over a period of 18 months, about \$6 m. of this amount to be contributed by the local governments concerned. Although the principle of these recommendations was sound, we were very dubious about the nature of most of the relief projects suggested. These, so far as could be seen, would provide the Refugees with work only so long as further money was continued to be poured into the scheme. The U.S. State Department, moreover, while proposing to ask Congress for a contribution of \$27 m. to the scheme, suggested that the U.K. should contribute \$12 m. (about £4 m.), though they agreed that our loan of £1 m. to Jordan should count against this amount. The Foreign Office accepted that \$12 m. was too much to ask the U.K. to provide, but have been pressing for \$9 m. The Chancellor felt that this was still much too much, but agreed (5th December) to increase his original offer of £½ m. to £1¼ m., as well as the £1 m. loan to Jordan. This would

/bring

bring the total U.K. contribution up to \$5.8 m. More recently (10th February) the Chancellor has agreed, after some pressure from the Foreign Secretary, to increase the U.K. contribution to a total of \$7 m. (including the loan to Jordan).

We have stipulated that the U.K. contribution shall be subject to two conditions, viz.

(i) Matching condition. The U.K. contribution shall be in the proportion of £1 for every £4 subscribed by other nations (excluding the U.S.).

(ii) Resettlement condition. Except for the first £½ m. (which may be spent on relief), the U.K. contribution shall be conditional upon our being satisfied that the money is being spent on schemes providing opportunities for permanent settlement of the Refugees. This condition was imposed because we felt that under the Clapp plan there was a risk that much of the money would be spent in providing paid labour for the Refugees in areas where they are at present residing, and which offer little prospect of providing a permanent living. Our aim was to bring pressure on the Agency to get the Refugees to move to other areas where they could become self-supporting.



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IF 21/13/56

3.30.

SIR JAMES CROMBIE

91.P.P.
20/3

MR. SHARP

AID FOR ARAB REFUGEES

At the Economic Policy Committee meeting of the 7th March (E.P.C. (50) 7th Meeting), the Foreign Secretary suggested that the generous settlement which we were proposing to make with the Israel Government contrasted unfavourably with our refusal to make a more substantial contribution for the relief of Arab Refugees in Palestine and Jordan. The Prime Minister said that this question should be reviewed with the object, if possible, of reaching agreement between the Treasury and Foreign Office points of view.

The attached note sets out the history of our negotiations with the Foreign Office about the amount of the U.K. contribution for the relief of the Palestine Arab Refugees. The Foreign Office pressure for a U.K. contribution of \$9 m. to the new Relief & Works Agency is based on the view that unless we put up that amount Congress will refuse to vote the proposed U.S. contribution of \$27 m. In that event the Clapp scheme will not be a success and the prospects of getting the Refugees resettled will be much diminished. The continuance for some further period of years of a large body of destitute refugees in the Middle East may be a source of political trouble which would have an adverse affect on our own large interests in that area. In particular the Foreign Office consider that the United Nations would lay the blame for the plight of these refugees on the U.K. on the grounds that having originally made the "Balfour Declaration", we should accept full responsibility for all the subsequent troubles in Palestine.

The main objections to our contributing more than \$7 m. to the Clapp scheme are as follows:-

- (i) We cannot but sympathise with the plight of these refugees, but the responsibility to see that they do not starve does not rest solely, or even mainly, with the U.K. The prime responsibility rests with the local governments concerned, but it is also a matter for the United Nations at large. It is up to the other nations to take their share of the burden.
- (ii) The Chancellor's latest offer of a contribution of \$7 m. (£1½ m. over and above our loan to Jordan) is already a very considerable advance on the £½ m. he felt, in August last, should be the maximum of any further U.K. contribution for the aid of Palestine Arab Refugees.

/(iii) We



(iii) We are not in a position, as the Foreign Office proposal would imply, to match the U.S. contribution on a 1-3 basis, and it would not be in our interests to let the Americans get the idea that we can do so. Our tentative plans for aid to South-East Asia contemplate that any assistance from the U.K. shall be in the proportion of 1-8 from the United States, and even then the U.K. contribution is to be in the form of releases of sterling balances.

(iv) Any contribution we make to Arab Refugees is a strain on our balance of payments situation. We have many other calls on our limited resources. Against the risk of reproach by the United Nations for not doing enough for the Arab Refugees, we have to set the risk of a further devaluation of the £1 through trying to do too much.

We ourselves would not regard the arrangements agreed in the case of Israel as comparable with those in connection with the relief of Arab Refugees. In the Israel negotiations we have been faced with a problem of extracting from the impoverished Israel Government the best payment we could in respect of the assets and liabilities (estimated at a total ^{claim} of £21 m.) of the former Palestine Government. We hope to obtain the agreement of the Israel Government to pay us some ^{£11.4m} ~~£7m~~ in full settlement. Although this treats Israel very favourably, it must be remembered that we are almost entirely in their hands. About our only way of exercising any pressure on Israel was by the refusal to release their sterling balances. It having been decided that this course was undesirable, we have had to make the best bargain we could.

Our conclusion is that we should refuse to go beyond the total of \$7 m. which the Chancellor has already offered, and we should try to get the Foreign Office to persuade the Americans that it is not reasonable to ask us to pay more.

The Foreign Office have now (in the course of oral discussion) asked for a relaxation of the two conditions we have attached to our contribution. They suggest that insistence on the "matching" condition may lead the United States to attach a similar condition to their contribution. This might result in the U.S. contributing very much less than the \$27 m. at present contemplated. The Chancellor has already (on the 19th January) refused to relax this "matching" condition though he said that if experience showed that it had an undesirable effect he would be willing to give the matter further consideration. The Foreign Office have produced no evidence

/that

The Israelis have quoted against us the substantial financial help we are giving to Jordan in respect of her military expenditure.
91pp.



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that the condition is, in fact, having an undesirable effect. But if we are to maintain our stand against a total contribution of more than \$7 m., it might be as well to avoid having any other points of difference. It is suggested, therefore, that we now give way on this question.

X With regard to the "resettlement" condition, the Foreign Office suggest that it will be difficult in practice to enforce this condition from Whitehall especially as payments for development work will be made out of the general fund to which many other governments will be subscribing. They therefore suggest that it would suffice if we embodied our condition in the directive given to the U.K. representative on the new Agency and in addition seek an arrangement under which payments of our contribution are made by instalments on the basis of 3-monthly reports. These reports would give us the opportunity of criticising, or even withholding future instalments, if we felt that the money was being spent uneconomically.

This is a sensible suggestion and will probably give us as much control as we can effectively exercise.

RECOMMENDATIONS:

1. We should refuse any further increase in the Chancellor's offer of a contribution of \$7 m. (including the loan to Jordan).
2. We should withdraw our suggestion that the U.K. contribution should be conditional upon other nations (excluding the U.S.) contributing in the proportion of £4 sterling for each £1 we subscribe.
3. We should agree to the system of control of expenditure suggested by the Foreign Office (see X above).

*Please negotiate with
F.O. on these lines
& let me know how
you get on*

As L

20th March, 1950.

W. 30/3

FE. 1825/64

A. Clough 1950

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Treasury

Mr Field Robinson

CONFIDENTIAL

IF.C.S.

p.d.

IF. 21/13/06

WITH THE COMPLIMENTS
OF THE UNDER-SECRETARY OF STATE
FOR FOREIGN AFFAIRS

Reference :—

J.O. comm. (no. as above) of the 17th
March.

Copies also sent to :—

Foreign Office,

21/3/1950

OUTWARD TELEGRAM

243

Cypher /OTP
and By Confidential Bag
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DEPARTMENTAL DISTRIBUTION

FROM FOREIGN OFFICE TO WASHINGTON

No. 1464
17th March, 1950

D. 8.30 p.m. 17th March, 1950

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Addressed to Washington telegram No. 1464 of 17th March, repeated for information Saving to U.K. Del. New York, Paris, Angora, B.M.E.O. (Cairo), Cairo, Bagdad, Jedda, Beirut, Damascus, Tel Aviv and Jerusalem.

Your telegram No. 873 [of 15th March: Agency for Palestine Refugees].

Following for Sir Henry Knight:

We appreciate the reasons which make it preferable for the Commission and Director to arrive in the Middle East together.

2. AS regards our contribution we should be able to make an instalment available in April. The amount of our contribution is still under consideration, and we are unfortunately not in a position to give you any further information at this stage. We will, of course, let you know as soon as a decision is reached.

DISTRIBUTED TO:-

Eastern Department
Middle East Secretariat
African Department
Refugee Department

PPP

ADVISORY COMMITTEE ON ADMINISTRATIVE
AND BUDGETARY QUESTIONS

Financial Rules for the United Nations
Relief and Works Agency for Palestine Refugees in the Near East
(Note by the Secretary-General)

1. There is submitted herewith for the information of the Committee, a communication dated 9 March 1951 from the Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East. This communication makes reference to difficulties encountered by the Agency in its operation under the Financial Rules which were established by the Advisory Committee on 12 April 1950.
2. The main problem arises as a result of the provisions of Rule 11, which permits the incurring of obligations only "to the extent that contributions are actually received or other funds are actually available."
3. If the Committee considers an amendment to the rules desirable, it is suggested that the following words might be added at the end of the phrase quoted in the preceding paragraph:

"provided that the Director may additionally incur obligations against contributions ~~not yet received~~ where he holds written pledges signed by a responsible official of a contributing Government for payment on or before a specified date, not later than the date when the obligations mature for payment."
4. A corresponding change would be requested in Rule 13.

A N N E X

UNITED NATIONS

NATIONS UNIES

Relief and Works Agency for Palestine Refugees

Ref. 1/0/4/1406

Beyrouth

9 March 1951

Sir,

I have the honor to refer to the Financial Rules of the United Nations Palestine Refugee Fund as provisionally established on 12 April, 1950, by the Advisory Committee on Administrative and Budgetary Questions and transmitted to you on that date under cover of A.C. 258. This covering memorandum stated that it was the understanding of the Committee that these rules would be *considered* provisional rules subject to alteration, with the concurrence of the Advisory Commission, in the light of actual operating experience of the Agency.

You will recall that the General Assembly Resolution 302 (IV) dated 8 December 1949, established the United Nations Relief and Works Agency for Palestine Refugees in the Near East:

- (a) to carry out in collaboration with local governments the direct relief and works program as recommended by the Economic Survey Mission;
- (b) to consult with the interested Near Eastern Governments concerning measures to be taken by them preparatory to the time when international assistance for relief and works projects is no longer available.

The General Assembly Resolution dated 2 December 1950, noted that contributions sufficient to carry out the program authorized under Resolution 302 (IV) have not been made and urged Governments which had not yet done so to make every effort to make voluntary contributions in response to paragraph 13 of that Resolution.

The same General Assembly Resolution instructed the Agency to establish a Reintegration Fund which shall be utilised for projects requested by any Government in the Near East and approved by the Agency for the permanent re-establishment of refugees and their removal from relief.

The current decline in the prospects of the local cereal harvest, and the difficulty in obtaining quickly such supplies as tents and blankets have made it imperative for this Agency to set aside a substantial sum in cash for forward

purchasing since the present rules do not permit a contract to be made until there is actually cash in the bank. This has had the effect of considerably reducing the amount of cash which might be available for reintegration in the immediate future, and, furthermore, there is the possibility that the Agency would have to enter into commitments to complete works reintegration projects over a period of years far beyond its current cash availabilities. The Egyptian and Syrian Governments have recently indicated that they require an undertaking that the Agency will complete certain works for reintegration before the Governments are prepared to embark upon them.

The operating experience of the Agency has shown the desirability of making loans to individuals or groups of refugees as the least expensive method of integrating a limited number of those with special skills. It is proposed that these loans shall be made with the minimum of formality, ^{free} of interest, that they shall be formally repayable in three years or earlier and that the borrower and his family shall be removed from the relief rolls at a fixed date agreed in advance.

The current estimate of cash requirements indicates that this Agency will need approximately \$7.5 m. by 15 June, assuming the earlier requirements set out on the annex being met, for operations during the Third Quarter, and for the repayment of the IRO loan and the first installment of the Working Capital Loan. The necessity, under current rules, to set aside cash from contributions expected in the fiscal year to 30 June, 1951, will diminish the amount available for reintegration unless some other means of finance can be found during the interim period, between the two fiscal years.

I understand that the Advisory Committee on Administrative and Budgetary Questions is having its next meeting on 26 March in New York, at which time my Deputy, Mr. James Keen, will be available there to give information the Delegations of contributing States, or to the Committee itself on actual operating experience, and how the various difficulties might be met.

Yours truly,

-s- Howard Kennedy
Howard Kennedy, Director, UNRWA

Mr. Trygve Lie
Secretary-General
United Nations
New York, N.Y.

HK/gs
Att.1-

FORECAST OF CASH REQUIREMENTS

Additional Cash Required by 15 March

Food Purchases - 2nd Quarter	\$4,189,000	
Advance Food Purchases - 3rd Quarter	<u>836,000</u>	
	\$5,025,000	
Less purchases out of Loan from Working Capital Fund	<u>2,000,000</u>	3,025,000
Half other expenditure - 2nd quarter		<u>1,520,000</u>
Reintegration Works to 30 June		<u>2,564,000</u>
		7,109,000
Less Cash in Hand (Estimated Balance) 31 March		<u>1,637,000</u>
		<u>5,472,000</u>

Additional Cash Required by 15 April

Half of 2nd Quarter Expenditure other than food	1,519,000
Advance Purchases: Tentage, blankets, etc.	<u>1,210,000</u>
	<u>2,729,000</u>

Additional Cash Requirements by 15th June (for Period ending 30 June 1951)

Repayment IRO Loan	2,800,000
First instalment, WCF loan	<u>1,000,000</u>
	<u>3,800,000</u>

Additional Cash Requirement by 15 June (for Fiscal year 1951 - 52)

3rd Quarter Food Purchases	3,400,000	
Less Advance Purchases	<u>836,000</u>	2,564,000
Half of other 3rd Quarter Expenditure		<u>1,300,000</u>
		<u>3,864,000</u>

NOTE: No provision is made for Reintegration after 30 June 1951

Total Cash requirements prior to 30 June 1951 15,865,000

8 March 1951.

We actually had
a Permanent Head of a British
Dept forming the First Division
Assocⁿ & appearing ^{in the Treasury} to make
a deputation on Staff matters.
I had to discipline him. I
thought he could attend meetings,
accept office in his Assocⁿ but
not accept assignment as a
deputation to the Treasury on
Staff matters

I.F.C.S. 244

pa.
IF 21/13/06

INWARD SAVING TELEGRAM

By Confidential Bag DEPARTMENTAL DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Sir O. Franks
No. 161 Saving
18th March, 1950

R: 22nd March, 1950

CONFIDENTIAL

Addressed to Foreign Office telegram No. 161 Saving of 18th March, 1950.

Repeated for information Saving to:

- | | |
|----------------------|-----------|
| New York (U.K. Del.) | Jedda |
| Paris | Beirut |
| Angora | Damascus |
| Cairo (B.M.E.O.) | Tel Aviv |
| Cairo | Jerusalem |
| Bagdad | |

Your telegram No. 1464 March 17th.

Following from Knight.

I have further satisfactory discussions with Clapp and Blandford.

2. State Department are concerned about the funds for the Agency particularly as they do not now expect to get their own authorising legislation through before late May and not the beginning of April as they had previously hoped. They therefore very much hope that we can assist the Agency in the following three ways:

(1) Make an early instalment of our contribution during April (which I am glad to see can be done).

(2) Pay during April a part or all of our annual contribution for 1950 to the costs of United Nations Organisation. This will enable the United Nations Organisation to make a further advance to the Agency from its / working capital

already arranged

CONFIDENTIAL

Washington to Foreign Office telegram No. 161 Saving

- 2 -

working capital fund. The United States contribution to the cost of the United Nations Organisation cannot be made until later in the year.

already done (3) Authorise the utilisation in the Middle East countries of the £250,000 sterling part of the I.R.O. loan) which is at present held by U.N.R.P.R.

3. I hope to leave New York for United Kingdom about 24th/25th March.

DISTRIBUTED TO:

Eastern Department
African Department
Refugee Department
Middle East Secretariat

G G G G

Copy for IF 21/13/06.
Original on IF 304/01

SIR JAMES CROMBIE

U.K. Expenditure in the Middle East

I am sorry that we have been such a long time producing the particulars for which the Chancellor asked about the amount of U.K. Expenditure in the Middle East. We have had some difficulty in reconciling our figures with those of the Foreign Office. We have, however, now been able to reach agreement with the F.O., and the attached note and tables are accepted by them.

A. H. CLOUGH

27th March, 1950.

Copy for IF 21/13/06
Original on IF. 304/01.

U.K. Expenditure in the Middle East

The Chancellor has asked for a statement, agreed with the Foreign Office, showing what we are spending in the Middle East this year as compared with last year.

2. In submitting this statement it is desired to draw attention to the following factors -

- (1) Not all the expenditure incurred in the Middle East is in fact solely concerned with Middle East countries or the maintenance of the British position therein; e.g. the British garrison in Egypt is maintained there primarily in pursuance of overall United Kingdom strategy in the present "cold war" period; and the Middle Eastern oil which counts for a large proportion of the Admiralty expenditure is required for the purposes of the Royal Navy throughout the world.
- (2) Since 1948 His Majesty's Government have been engaged in a process of contracting their commitments in the Middle East; e.g. they have liquidated their commitments in Palestine, have reduced their Middle East garrisons, and have cut down their expenditure on the Italian Colonies. This contraction is not altogether reflected in the comparative figures for this year and last year (and indeed in some cases, e.g. the expenditure on Arab Refugees, has given rise to additional non-recurring expenditure). It would only be brought out by considering the figures over, say, a five year period.

3. The attached Tables (the figures of which have been agreed with the Foreign Office) show particulars of expenditure in the Middle East under the following heads :-

- (i) Grants and other forms of assistance from Foreign Office Votes to Middle East countries (Table A)
- (ii) Other U.K. Government expenditure in the Middle East (i.e. local expenditure of British Service Departments, the British Council and Foreign Office Missions) (Table B)
- (iii) U.K. purchases (other than by Government Departments) from the Middle East countries (Table C)
- (iv) Releases of Sterling Balances (Table D)

4. Government Expenditure: To get an overall picture of U.K. Government expenditure in the Middle East, items (i) and (ii) should be taken together. It will be seen from Tables A and B that the total of these

items comes to :-

	<u>1949</u>	<u>1950</u> <u>Proposed by</u> <u>Foreign Office</u>	<u>Increase</u>
Grants and other forms of assistance from F.O. Votes to Middle East Governments	6,219,300	9,542,500*	2,623,200
Other Local Expenditure by U.K. Government Departments (including Service Depts.)	<u>22,545,480</u>	<u>23,510,000</u>	<u>964,520</u>
	<u>£28,764,780</u>	<u>£33,052,500</u> ^δ	<u>£3,587,720</u>

* The expenditure under this head at present approved for 1950/51 is	£7,544,000
δ The approved total for 1950/51 is	£27,554,000

The Foreign Office have pointed out that the items of expenditure listed require to be divided up into the following main categories (although the second and third of these to some extent overlap) :-

- (a) Direct expenditure on the maintenance of British representation and British influence in the Middle East countries.
- (b) The cost of commitments in the Middle East entered into by His Majesty's Government as part of their general policy.
- (c) Expenditure made in the Middle East for the general economic or strategic needs of the United Kingdom.

Under category (a) would come -

The cost of U.K. Missions and the British Council
The Missions to Saudi Arabia
The Persian Gulf Levy Force

Under category (b) would come -

The subsidy to the Arab Legion
The Sudan
The expenditure on Arab Refugees
The Loan to Jordan
Expenditure in Cyrenaica and Tripolitania

Under category (c) would come -

The military expenditure in Egypt and the Naval expenditure on oil in Persia

5. U.K. purchases and general effect of Government expenditure on British influence in the Middle East.

The Foreign Office have suggested that the maintenance of a certain level of U.K. expenditure in the Middle East is desirable as a means of
/maintaining

maintaining and strengthening British influence in those countries. While we can accept the general principle that such expenditure furthers British interests, it is questionable whether any direct relationship could be established between the overall level of U.K. Government expenditure in the Middle East and the extent of our influence there.

A much more important factor in maintaining British influence in the Middle East is our expenditure on private commercial purchases. As Table C shows, these amounted in the period January - September 1949 to over £115 m. which gives a figure for the whole year of £150 m., i.e. nearly six times the total of U.K. Government expenditure in this area. Our expectation is that the figure of £150 m. will be maintained in 1950 and probably exceeded. Both Government and private U.K. expenditure abroad, however, affect our balance of payments position and therefore need to be carefully watched.

6. Sterling Balance Releases (see para. 3(iv)): As Table D shows, we are hoping this year to curtail sterling releases in the Middle East countries from a total of £30 m. in 1949 to a figure of the order of £20 m. This does not mean that we shall save £10 m. as the releases represent private, as distinct from Government, expenditure. It would be difficult to say categorically that these releases wholly further U.K. interests in the Middle East countries. While they help trade, the effect of any limitation on releases tends to provoke the simultaneous criticism that we are hampering it. From the U.K. angle, however, these releases, which in practice generally take the form of unrequited exports, represent an additional drain on our resources.

7. Conclusion: It would not be practicable to determine whether any particular item of expenditure should be undertaken, by reference to some overall global figure. Proposals for expenditure can only be considered on their merits, and with due regard to our economic position and the various other demands on our resources.

TABLE A

Grants from Foreign Office Votes to Middle East Governments
and other similar expenditure for 1949/50 and 1950/51

	<u>1949/50</u>	<u>Proposed by</u> <u>Foreign Office</u> <u>for 1950/51</u>	
	£	£	
Arab Legion	3,500,000	4,900,000	(a)
Loan to Jordan	500,000	500,000	
Arab Refugees	100,000	2,200,000	(b)
Civil Air Training Mission to Saudi Arabia	25,000	33,000	
British Military Mission to Saudi Arabia	49,000	70,000	
Persian Gulf Levy Force	-	35,500	
Subsidy to Sultan of Muscat	10,000	10,000	(c)
Cyrenaica	1,392,600	1,469,000	
Tripolitania	242,700	325,000	(d)
	<hr/>	<hr/>	
	5,819,300	9,542,500	(e)
Sudan	400,000	-	
	<hr/>	<hr/>	
	£6,219,300	£9,542,500	(e)
	<hr/> <hr/>	<hr/> <hr/>	

(a) Provision at present approved is ...	£4,000,000
(b) " " " " " " ...	£1,500,000
(c) " " " " " " ...	£1,271,000
(d) " " " " " " ...	£ 125,000
(e) Total expenditure at present approved is	£7,544,000

TABLE B

Local Expenditure by the Colonial Office, British Service
Departments, the British Council and Foreign Office Missions
in the Middle East

	<u>1949/50</u>	<u>1950/51</u>
	£	£
(i) <i>Other</i> <u>Service Departments Local</u> <u>Expenditure</u>		
Egypt	11,747,000	13,164,000
Sudan	512,000	460,000
Cyrenaica	835,000	1,590,000
Palestine	4,000,000	3,500,000
Persia	2,833,000	2,809,000
Iraq	1,135,000	255,000
Syria	27,000	6,000
Lebanon	-	-
Jordan	63,000	40,000
	<hr/>	<hr/>
	21,152,000	21,824,000
Less: Israel Cr.176,000		
Saudi Arabia 56,000	232,000	-
	<hr/>	<hr/>
	20,920,000	21,824,000
(ii) <u>British Council</u>	625,480	686,000
(iii) <u>Foreign Office Missions in</u> <u>the Middle East countries</u>	1,000,000	1,000,000
	<hr/>	<hr/>
	£22,545,480	£23,510,000
	<hr/> <hr/>	<hr/> <hr/>

TABLE C

U.K. Payments (excluding U.K. Government expenditure) to certain
Middle East Countries: January to September, 1949

1	2 <u>For items other than oil</u>	3 <u>Oil</u>
Egypt	19,400,000	20,500,000
Sudan	16,300,000	1,600,000
Persia	1,300,000	32,800,000
Iraq	800,000	8,200,000
Syria	300,000	2,500,000
Lebanon	300,000	2,000,000
Israel	4,600,000	4,100,000
Jordan	-	500,000
Saudi Arabia	_____	_____
Total:-	£43,000,000	£72,200,000
	=====	=====

Total of Cols. 2 and 3 = £115,200,000

TABLE D

Sterling Balance Releases

	<u>1949</u>	<u>1950</u>
Israel	6,700,000	12,720,000
Egypt	12,000,000	? nil *
Iraq	2,300,000	(possibly) 3,000,000
Jordan	9,750,000	(possibly) 6,000,000
	_____	_____
	£30,750,000	£19,720,000
	=====	=====

* Not yet settled



(EE 1822/13)

Ps Ash D please
3/11

Mrs Sir J. Brown
247
29/3/50

Foreign Office,
S.W.1.

CH/EXCHEQUER	
- 3 APR 1950	
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O	

29th March, 1950

Dear Stafford,

You will remember that at the Meeting of the Economic Policy Committee on the 7th March, it was agreed that the Minister of State for Economic Affairs should review the amount of our contribution to the United Nations Relief and Works Agency for Palestine Refugees.

Since then, we have received a despatch from His Majesty's Ambassador in Washington, of which I enclose a copy. This shows the importance which both the State Department and the United States Chiefs of Staff attach to the matter, as we do ourselves. It also shows that the critical stage for the American contribution of 27 million dollars, namely discussion in the Appropriations Committee, will soon be reached, and that our own contribution will come under survey at that time.

Meanwhile the French Government have also approached us about the extent of their own and our contribution.

As I have explained, I feel I have no alternative but to ask again that our contribution for the eighteen months' period should be the sterling equivalent of 9 million dollars, inclusive of our £1 million loan to Jordan. There is no reason why a portion of this should not be made available in 1951 and included in our next year's Estimates.

/I must

The Right Honourable
Sir Stafford Cripps, K.C., M.P.,
Chancellor of the Exchequer.

The attached telegram doesn't seem to indicate anything except that we will put up the money anyway. This is presumptuous by the PS

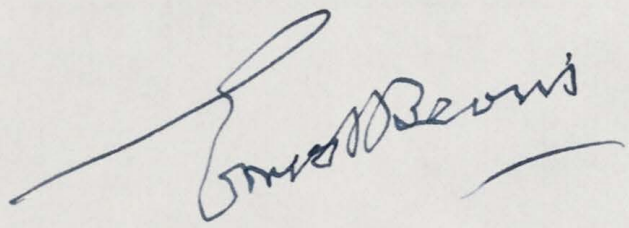
and should be repaid calmly!

①
8/4

I must press you for this, especially as the effect in the United States of America will be out of all proportion to the sums involved.

I am sending a copy of this letter to Gaitskell.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Ernest Bevin". The signature is written in dark ink and is positioned below the typed text "Yours sincerely,". It features a long, sweeping horizontal line that starts under the first letter and extends across the width of the signature.

() 1822/13)

CONFIDENTIAL

No. 147
1165/93/50

British Embassy,
Washington, D.C.
24th February 1950

Sir,

I have the honour to submit a short report on the progress through Congress of the legislation covering American participation in the new United Nations Agency for Palestine Refugee Relief and Relief Works. The proposed extent of the United States financial contribution, as you are aware, is \$27,450,000.

2. The legislation has now received the unanimous approval of the Senate Foreign Relations Committee after hearings in closed session on January 31st. Mr. Gordon Clapp, the Chairman of the United Nations Economic Survey Mission and Mr. George McGhee, the Assistant Secretary for Near Eastern Affairs at the State Department, were the principal witnesses and were supported by a Statement submitted by Admiral Strubel on behalf of Admiral Forrest Sherman, Chief of Naval Operations. In his report to the Senate, the Chairman of the Foreign Relations Committee, Senator Connally, urged support for the legislation on humanitarian and security grounds stating "no one can doubt that peace and security in the Near East have a direct and important bearing on the security and prosperity of the Western World".

3. Hearings before the House of Representatives Foreign Affairs Committee which were in open and closed session, concluded on February 17th. The same witnesses testified and certain of their statements seem worthy of special note. Mr. McGhee said "in this critical area (Near East) we can ill afford to stand by in the face of any major security threat". This remark was amplified by the statement of the Department of Defence which declared "the security of the Middle East is vital to the security of the United States. The Defence Department therefore strongly endorses and supports the legislation". I will comment further on these statements at a later date.

4. During the public sessions the Republican members of the House Foreign Affairs Committee have been prominent in urging the State Department to find an outlet in the relief of Arab refugees for the United States food surpluses which are at present embarrassing the Administration.

5. The State Department are confident that the present proposed legislation will successfully pass both the Senate and House of Representatives. It has yet however to be discussed in the Appropriations Committee where it is expected the proposed contribution by foreign nations including the United Kingdom will come under survey.

6. I am sending a copy of this despatch to the Head of the British Middle East Office.

I have the honour to be, with the
highest respect,

Sir,

Your most obedient, humble servant,

(SIGNED) OLIVER FRANKS

The Right Honourable
Ernest Bevin, M.P.,
etc., etc., etc.,
Foreign Office,
London, S.W.1.

250
FOREIGN OFFICE, S.W.1.

CH/EXCHEQUER

29th March, 1950

- 3 APR 1950

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C

(EE 1822/13)

Dear Stafford,

You will remember that at the Meeting of the Economic Policy Committee on the 7th March, it was agreed that the Minister of State for Economic Affairs should review the amount of our contribution to the United Nations Relief and Works Agency for Palestine Refugees.

Since then, we have received a despatch from His Majesty's Ambassador in Washington, of which I enclose a copy. This shows the importance which both the State Department and the United States Chiefs of Staff attach to the matter, as we do ourselves. It also shows that the critical stage for the American contribution of 27 million dollars, namely discussion in the Appropriations Committee, will soon be reached, and that our own contribution will come under survey at that time.

Meanwhile the French Government have also approached us about the extent of their own and our contribution.

As I have explained, I feel I have no alternative but to ask again that our contribution for the eighteen months' period should be the sterling equivalent of 9 million dollars, inclusive of our £1 million loan to Jordan. There is no reason why a portion of this should not be made available in 1951 and included in our next year's Estimates.

/I must

The Right Honourable
Sir Stafford Cripps, K.C., M.P.,
Chancellor of the Exchequer.

I must press you for this, especially as the effect in the United States of America will be out of all proportion to the sums involved.

I am sending a copy of this letter to Gaitskell.

Yours sincerely,

COPY

(Enc. 1822/13)

CONFIDENTIAL

No. 147

1165/93/50

252
British Embassy,
Washington, D.C.
24th February 1950

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6. I am sending a copy of this despatch to the Head of the British Middle East Office.

I have the honour to be, with the
highest respect,

Sir,

Your most obedient, humble servant,

(SIGNED) OLIVER FRANKS

The Right Honourable
Ernest Bevin, M.P.,
etc., etc., etc.,
Foreign Office,
London, S.W.1.

Mr Field Robinson

244

FOREIGN OFFICE, S.W.1.

Wd you advise pl?

1st April, 1950

(UP 158/1)

CONFIDENTIAL



Am
6/4

Reply 20/4/50

Dear Clough,

We have been somewhat disturbed by indications, in letters between Morton and the Middle East Secretariat in the Foreign Office (ending with Morton's letter of the 7th February to Evans), of waste and inefficiency on a very considerable scale among members of the United Nations Secretariat in the Middle East generally, and in the Economic Survey Mission in particular.

In his letter to Morton No. EE 1829/2 of the 2nd February Evans suggested that the matter might best be raised with the Secretary-General by Clapp himself, and that meanwhile Matthews might be asked to obtain unofficially full details of the facts regarding numbers, functions, salaries, reasons for appointment, etc. When these were known we could decide whether further action could be taken, perhaps in the Fifth Committee at the next Assembly.

We now seem to have missed the opportunity of Clapp's presence at Lake Success; we see, however, no reason why we should not get hold of the facts and see whether any action on our part can usefully be taken.

I should be glad to know your views on this.

/To

A. H. Clough, Esq., O.B.E.,
Treasury.

To attempt to introduce some degree of efficiency into the United Nations Secretariat (particularly under the present Secretary-General) is certainly uphill work; nevertheless we feel that taking up individual cases of proven extravagance does do some good.

yours sincerely
Cecil Parrott

(C. C. Parrott)

249.

266

~~Economic Secretary to the Treasury~~

Minister of State.

Yours asked to J. Coombe
for this.

The Chancellor
instruction must
be covered out first
But I should like
see the paper again
later

B

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wh. 6

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G.R.

267

Mr. Clough.

The impression I get from the Ambassador's despatch is that the U.S.A. are so keen on making the U.N.A.P.R.R.R.W. work that they are not likely to bother a great deal about whether we contribute \$7 millions or \$9 millions!

J.P.P.

3rd April, 1950.

M. J. Stalk

273

4th April, 1950

Dear Private Secretary,

I write to acknowledge the letter of the 29th March addressed to the Chancellor of the Exchequer by your Minister.

Yours sincerely,

I. S. Shaw

The Private Secretary to
The Rt. Hon. Ernest Bevin, M.P.

IF.21/13/06D

4th April, 1950.

Dear Furlonge,

Following the discussion by the Economic Policy Committee at their meeting of the 7th March (E.P.C. (50) 7th Meeting) of the question of the United Kingdom contribution for the relief of Arab refugees, we had a talk the other day to see whether we could resolve the differences between our two Departments on this subject. We have now given further consideration to this question in the light of the suggestions made during our talk and we have discussed the whole matter with the Minister of State for Economic Affairs. As a result I am now instructed to put to you the following suggestions.

The Minister of State feels some doubt whether the settlement reached with the Israel Government affords a basis of comparison with our attitude on the question of our contribution for the aid of Arab refugees. In the Israel negotiations our aim has been to obtain a fair and reasonable payment from the Israel Government in respect of the substantial assets they have taken over in Palestine and the liabilities incurred by H.M.G. in connection with the Mandate. The Israelis have countered our claim by raising strong objections of principle to accepting certain charges, and in addition they have stressed the very weak financial and economic position of their Government. We are satisfied that the settlement now reached represents the limit of the Israel Government's capacity to pay.

In deciding what should be the amount of our contribution to the new Agency for the relief of Arab refugees, we have to take account of our own strained economic position and the many other demands on our resources. Although we have never accepted that the welfare of the Arab refugees is primarily the responsibility of His Majesty's Government, nevertheless the U.K. contributed in 1949 over £1 million (then \$4 million) to the relief of these refugees. The total

/contribution

G.W. Furlonge, Esq., O.B.E.,
Foreign Office,
S.W.1.

other
contribution of some 30 members of the United Nations, excluding the United States, amounted to only \$12 m. When the question of a further contribution was raised in August last year, the Chancellor, while expressing the view that we had already done more than our share, said he would be willing to approve a further £ $\frac{1}{4}$ - £ $\frac{1}{2}$ m. contribution for these refugees though he thought that the latter figure should be the upper limit. Since then, in deference to the views of the Foreign Secretary, the Chancellor has increased his earlier offer first to £1 m. and now to £1 $\frac{1}{2}$ m. We are, in addition, providing a loan of £1 m. to Jordan which will be spent on development work providing employment for Arab refugees. This brings the total contribution of H.M.G. for the benefit of Arab refugees up to \$7 m., or about one-quarter of the contribution which the State Department proposes to ask from Congress as the United States' share in the Clapp plan. We have thus already gone a very long way in the attempt to reach a compromise between our respective points of view. You have suggested that if, through disappointment at the size of the U.K. contribution to the new Agency, the Senate refuses to approve the \$27 m. suggested as the U.S. share, the Clapp plan may fail and as a result H.M.G. may be subject to criticism by the United Nations as being responsible for the condition of the Arab refugees. The United Nation resolution approving the implementation of the Clapp plan however, calls on all member nations to contribute to the scheme and it would ill-become member States, while failing themselves to take a reasonable share in the cost of the scheme, to blame H.M.G. for the condition of the refugees. In any case, however, we have to choose between the risk of ill-informed criticism by the United Nations and the even greater ill effects that would follow our being forced, through attempting too much, into a further devaluation of the pound. We feel that the contribution of \$7 m. which the Chancellor has already offered for the new Agency is as much as in our present

/economic .

economic position we can afford. The Minister of State hopes, therefore, that you will put this view to the Americans and persuade them that it is not reasonable to press us for any larger amount.

We have given further consideration to the question of the conditions to be attached to our contribution. You have suggested that insistence on the "matching" condition may lead the United States to attach a similar condition to their contribution, and that this might result in their providing very much less than the \$27 m. at present contemplated. While we are not altogether convinced on this point, in deference to your views we will agree to drop the "matching" condition provided that the Americans for their part agree to make their contribution similarly free from "strings".

We discussed also our suggestion that, except for the first £ $\frac{1}{2}$ m. (which might be spent on relief), the U.K. contribution should be conditional upon our being satisfied that the money is being spent on schemes providing opportunities for permanent settlement of the refugees. You thought that this condition would be difficult to operate in practice especially as payments for development work will be made out of the Agency's general fund to which many other Governments will be subscribing. You suggested, therefore, that we should embody a condition on the lines we had indicated in the directive given to the U.K. representative on the new Agency, and that in addition it should be provided that payments of our contribution should be by instalments on the basis of 3-monthly reports. These reports would give us the opportunity of criticising or even withholding further instalments if we felt that the money was being spent in the wrong way. We have considered this suggestion and agree to its adoption.

The Minister of State hopes that in the light of these further concessions you will feel able to reach agreement on the basis suggested above.

Yours sincerely,

A. H. CLOUGH



PALESTINE ARAB REFUGEES

These Refugees lost their homes as a result of the recent hostilities between the Jews and the Arabs in Palestine. Early in 1949, the United Nations set up the United Nations Relief for Palestine Arab Refugees Fund (U.N.R.P.A.R. Fund). Of a total of \$32 m. contributed to this Fund, the U.S. provided \$16 m., the U.K. £1,100,000 (then worth \$4.4 m.) and 31 other Governments the remaining \$12 m. When further subscriptions were asked for, the Chancellor took the line (C.M.(49) 54th Conclusion dated 29.8.49) that any further contribution from the U.K. should not be more than £ $\frac{1}{4}$ m. or at most £ $\frac{1}{2}$ m.

In October last year a Mission sponsored by the United Nations and consisting of representatives of the U.S.A. (Mr. Clapp, Head of the Mission), U.K. (Sir Desmond Morton), France and Turkey was sent to the Near East to investigate inter alia the prospects of getting these Refugees resettled. The Mission recommended that the U.N.R.P.A.R. Fund should be replaced by an entirely new body known as the Near East Relief & Works Association which should continue relief up to December 1950 only, but as soon as possible arrange development works which would make the Refugees self-supporting. The Mission sketched out a programme of relief and works projects costing \$54 m. over a period of 18 months, about \$6 m. of this amount to be contributed by the local governments concerned. Although the principle of these recommendations was sound, we were very dubious about the nature of most of the relief projects suggested. These, so far as could be seen, would provide the Refugees with work only so long as further money was continued to be poured into the scheme. The U.S. State Department, moreover, while proposing to ask Congress for a contribution of \$27 m. to the scheme, suggested that the U.K. should contribute \$12 m. (about £4 m.), though they agreed that our loan of £1 m. to Jordan should count against this amount. The Foreign Office accepted that \$12 m. was too much to ask the U.K. to provide, but have been pressing for \$9 m. The Chancellor felt that this was still much too much, but agreed (5th December) to increase his original offer of £ $\frac{1}{2}$ m. to £1 $\frac{1}{4}$ m., as well as the £1 m. loan to Jordan. This would

/bring



bring the total U.K. contribution up to \$5.8 m. More recently (10th February) the Chancellor has agreed, after some pressure from the Foreign Secretary, to increase the U.K. contribution to a total of \$7 m. (including the loan to Jordan).

We have stipulated that the U.K. contribution shall be subject to two conditions, viz.

(i) Matching condition. The U.K. contribution shall be in the proportion of £1 for every £4 subscribed by other nations (excluding the U.S.).

(ii) Resettlement condition. Except for the first £ $\frac{1}{2}$ m. (which may be spent on relief), the U.K. contribution shall be conditional upon our being satisfied that the money is being spent on schemes providing opportunities for permanent settlement of the Refugees. This condition was imposed because we felt that under the Clapp plan there was a risk that much of the money would be spent in providing paid labour for the Refugees in areas where they are at present residing, and which offer little prospect of providing a permanent living. Our aim was to bring pressure on the Agency to get the Refugees to move to other areas where they could become self-supporting.

G.R.

278

SIR JAMES CROMBIE

Aid for Arab Refugees
Foreign Secretary's letter of 29th March

I do not know whether the Minister of State wishes any further comments at this stage.

As you know, we discussed with him the other day the action to be taken following the reference to this question by the Economic Policy Committee at their meeting of the 7th March. He instructed us to write to the Foreign Office pointing out that in offering to increase our contribution to the new Arab Refugee Agency to \$7 m., the Chancellor had gone a long way in an attempt to reach a compromise between our two Department's respective points of view, and that he felt we should not go beyond this figure. We would offer them, however, certain concessions on the "strings" to be attached to our contribution. We have written on these lines to the Foreign Office and await their answer.

It is suggested that no further action should be taken until we hear further from them.

A.H. CLOUGH

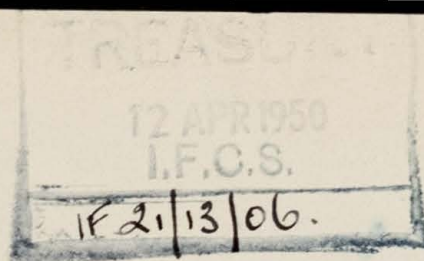
6th April, 1950.

Mr. Sharp.

I am glad to see that the Chancellor's impression of the despatch from Sir Oliver Franks coincides with my own, viz. that the U.S.A. are likely to support the Palestine relief proposal whatever amount the U.K. puts up.

I assume that the Minister of State will wish to await the outcome of Mr. Clough's letter to the Foreign Office of 4th April, which was written on his instructions, before considering whether any further action on the Foreign Secretary's letter is required.

G.I.P.P.
12th April, 1950.



1. TILES pp 12 for
 2. Mr Field Robinson
- 279

Foreign Office,
LONDON, S.W.1.

11th April, 1950.

Confidential.
EE 1822/14

Dear Clough,

Thank you for your letter IF 21/13/06D of the 4th April, regarding the United Kingdom contribution to the Arab Refugee Fund.

2. I am glad that you are able to agree to our suggestions regarding the conditions which originally attached to our contribution. As regards the amount of our contribution the position is that your letter crossed one from the Secretary of State to the Chancellor pressing for a contribution of the equivalent of \$9 million (inclusive of our loan to Jordan) for the 18 months period. In view of the Secretary of State's letter, of which I enclose a copy, you will appreciate that we are not in a position to agree that the amount of our contribution should be that suggested in your letter.

3. I should also like to add that although (as I suggested when we had our talk) the failure of the Clapp plan as a result of our contribution not being sufficient to produce the \$27 million from the U.S. Government will expose us to criticism in the United Nations, the main danger is the threat to stability in the Middle East itself. If we do not do everything possible to solve, or at least to begin solving, the problem now, I fear that it will cost us considerably more in the long run.

Yours sincerely,
G. W. Fentons

A.H. Clough, Esq.,
Treasury Chambers,
Great George Street,
S.W.1.

*2. No enclosure
Have asked F.O.
to send it on
W.H.
14/3*

TREASURY
13 APR 1950
I.F.C.S. 2
IF. 21/13/06

281
Mr Field Robinson

EE 1822/14

FOREIGN OFFICE, S.W.1.

13th April, 1950.

My dear Clough,

I am sending you herewith a copy of the draft Directive which we have prepared for Sir Henry Knight, our representative on the Advisory Commission of the new Arab Refugee Agency. I should be glad if you would let me have any comments you may care to make.

2. You will see from paragraph 8 of the draft that our representative is required to "ensure that where possible the relief works should be in connection with projects providing opportunities for permanent resettlement, and that such projects should themselves be the soundest possible from an economic point of view". Paragraphs 9 and 10 provide for quarterly estimates of expenditure and progress reports.

3. I hope that the inclusion of these points in the draft will meet with your requirements as expressed in the penultimate paragraph of your letter IF 21/13/06D of the 4th April to Furlonge.

4. As Sir Henry Knight is leaving for the Middle East on Sunday, the 16th April, perhaps you would be so good as to let me know by telephone whether you have any comments.

*Cleared it
over phone
14/3
W.F.H.*

[Signature]
[Signature]
(T.E. Evans).

A.H. Clough, Esq., O.B.E.,
The Treasury,
Gt. George Street,
London, S.W.1.

XXXXXX
XXXX

UNITED NATIONS RELIEF AND WORKS AGENCY FOR
PALESTINE REFUGEES IN THE MIDDLE EAST.

XXXXXX
XXXX

Brief for
Sir H Knight

1. The following is intended as general guidance for the United Kingdom representative on the Agency's Advisory Commission. Further guidance on day-to-day problems will be available to him from H.M. Missions and specific problems can be referred, as and when they occur, to the Department.

2. General.

The General Assembly of the United Nations in its Resolution of the 8th December 1949 recognised that without prejudice to the question of the repatriation of refugees there was need for further assistance for relief and that constructive measures should be taken at an early date with a view to the termination of international assistance for relief. The Assembly established the Agency to:

- (i) carry out in collaboration with the local Governments the direct relief and works programmes as recommended by the Economic Survey Mission;
- (ii) consult with interested Near East Governments concerning measures to be taken by them preparatory to the time when international assistance for relief and works projects is no longer available. The programme of relief works was recommended by the Economic Survey Mission in order to give the refugees the opportunity to work (which is necessary for their self-respect and morale) and thereby to increase the productive capacity of the countries in which the refugees found themselves.

3. As recommended by the Economic Survey Mission the actual execution of the programmes should devolve upon the national Governments to the fullest degree possible, with agreement for audit inspection and general supervision by the ~~international~~ Agency. For this reason, and also in the interests of economy, every effort should be made to keep the staff of the Agency down to a minimum.

4. Approach to Middle East Governments.

In public statements the Agency should emphasise that it is not concerned with the political aspects of the refugee problem, or of a Palestine settlement as a whole. Its functions are those specified in the General Assembly's Resolution (paragraph 2 above).

5. In private talks with the Arab Governments the Agency can point out that although the Agency is not concerned with the political settlement, any political settlement or the absence thereof vitally affects its work. They have no intention of intervening in any way in the matter of the political settlement between the Arab States and Israel, but they cannot but express their private view that it is totally unrealistic to imagine that any settlement can possibly be reached which will provide for the return to their homes of any appreciable number of refugees. Even if Israel were to agree, which is not the case, there is no longer in Israel the necessary living space for them. Arab statesmen must therefore think in terms of resettlement.

6. Resettlement is only possible within the framework of large-scale development of the

/economic....

economic resources of the Middle East. This development must be undertaken by the Arab Governments themselves. The Agency possesses, however, funds for relief projects and technical knowledge which they are ready and anxious to place at the disposal of any Arab Government prepared to undertake development. It is incumbent on all Arab Governments to consider whether it is not in the best interests of their people to take advantage of these facilities and not to allow themselves to be diverted from doing so by any short-sighted idea that their national sovereignty will thereby be infringed.

7. The Agency cannot commit the United Nations or any member Governments to provide any funds ~~for~~ ^{for refugee relief} ~~whatever~~ after the termination of the 18 months period, and their private opinion is that it is most unlikely that any such funds will be forthcoming. It is therefore essential that Arab statesmen should plan on the assumption that at the end of this period the refugees will be entirely in their charge. H.M.G. and it is

believed the US and French Govts, are however prepared to offer all possible assistance to Middle East Govts with economic development. It is also hoped that assistance will be forthcoming from the International Bank

8. Negotiations with Middle East Governments.

The Agency is thus required to consult with Middle East Governments regarding:

- (a) the relief programme;
- (b) the relief works programme;
- (c) ~~the~~ development end, in particular, the pilot demonstration projects recommended by the Economic Survey Mission in their final report.

The formula for (a) and (b) is, in the words of the Economic Survey Mission, "more work and less relief". Every effort should also be made to

/ensure....

and also consider the possibility of doing likewise with the Saudi Arabian Govt.

resettlement. Nevertheless, it is advisable that the Agency should establish contact with the Iraq and Saudi Arabian Government# at the earliest possible opportunity. No relief works were recommended by the Economic Survey Mission for Israel. ~~but~~ Some 31,000 Arab and 17,000 Jewish refugees in Israel are in receipt of relief from U.N.R.P.R. The Agency will require to consult with the Israel Government regarding what relief, ~~cessation of relief for refugees in Israel. if any, is required for these refugees in future.~~ It is considered, however, that the Director of the Agency and the Advisory Commission ~~should~~ ^{need} not visit Israel, ~~at least~~ until arrangements have been concluded with the Arab Governments where the bulk of the refugees find themselves, though it might be necessary for representatives of the Agency to establish contact with the Israel authorities.

but the Economic Survey Mission recommended that these should not continue to receive relief.

9. It will be one of the first tasks of the Agency to continue the efforts of U.N.R.P.R. to reduce the number of rations issued to refugees by progressive stages in the light of the findings and recommendations of the Economic Survey Mission.

10. Budgetary Control.

The Agency's provisional financial regulations provide that:

- (a) a plan of expenditure showing by Calendar months anticipated receipts and expenditure of the fund shall be prepared by the Director;
- (b) confirmation of this plan of expenditure by the Agency's Advisory Commission shall constitute an authorisation to the

/Director....

Director to incur obligations and make disbursements for the purposes provided in the plan of expenditure to the extent that contributions are actually received or other funds are actually available;

(c) The Director shall transmit to the Secretary-General for his information the initial plan of expenditure as well as a financial statement at the completion of each quarter and an estimate of anticipated expenditure for the ensuing quarter.

11. The U.K. representative on the Advisory Commission should forward to the Department the initial plan for expenditure, and subsequently, as they are prepared, the quarterly plans for expenditure. H.M.C.'s approval of the estimates should normally be obtained by the U.K. representative before he agrees to their confirmation by the Advisory Commission. The U.K. representative should also make available to the Department financial statements and progress reports at the end of each quarter.

12. Technical Assistance. If, as seems probable, the American representative on the Advisory Commission is given 4th Point functions to act as co-ordinator of American technical assistance "for at least the Arab countries in the area", the U.K. representative should ^{in this connection} collaborate as closely as possible with him in order to ensure the maximum co-ordination of British and American efforts

/to....

to provide technical assistance. For this purpose the U.K. representative should ^{also} maintain contact with the British Middle East Office and with H.M. Missions who should similarly keep him informed of all developments in the field of technical assistance. As the Director of the Agency is required to appoint a representative to attend meetings of the ^{Inter-Secretariat} Technical Assistance Board an opportunity, of which full advantage should be taken, will exist for the coordination of British and American contributions to technical assistance and those of the United Nations and of the Specialised Agencies. The Agency might thus become ^a the focal point of coordination of all technical assistance in the area on the operational level.





289

Col. Edwards

14/4

The ~~General~~ ^{Commission}

On your side, I think.

~~W. F. H.~~

14-4-50

WITH THE COMPLIMENTS
OF THE
MIDDLE EAST SECRETARIAT

I.F.C.S.

This should go on I.F. 21/13/06
+ is related to the letter you sent
out to you yesterday

W.F.H.
15/4

Foreign Office, S.W. 1,

Date... 14... 4... 50...

EW

FOREIGN OFFICE, S.W.1.

29th March, 1950.

290

(EE 22/13)

Dear Stafford,

You will remember that at the Meeting of the Economic Policy Committee on the 7th March, it was agreed that the Minister of State for Economic Affairs should review the amount of our contribution to the United Nations Relief and Works Agency for Palestine Refugees.

Since then, we have received a despatch from His Majesty's Ambassador in Washington, of which I enclose a copy. This shows the importance which both the State Department and the United States Chiefs of Staff attach to the matter, as we do ourselves. It also shows that the critical stage for the American contribution of 27 million dollars, namely discussion in the Appropriations Committee, will soon be reached, and that our own contribution will come under survey at that time.

Meanwhile the French Government have also approached us about the extent of their own and our contribution.

As I have explained, I feel I have no alternative but to ask again that our contribution for the eighteen months' period should be the sterling equivalent of 9 million dollars, inclusive of our £1 million loan to Jordan. There is no reason why a portion of this should not be made available in 1951 and included in our next year's Estimates.

I must press you for this, especially as the effect in the United States of American will be out of all proportion to the sums involved.

I am sending a copy of this letter to Gaitskell.

Yours sincerely,

(Sgd.) Ernest Bevin.

The Right Honourable
Sir Stafford Cripps, K.C., M.P.,
Chancellor of the Exchequer.

IFCS
na. IF 21/10/06

291

TREASURY PRESS CUTTING SECTION
ROOM 126B/1, Ext. 535

To *Mr Field Robinson* Division *IF*

Extract from the

MAN. GUARDIAN

Dated

20 APR 1950

Divisions wishing to make observations
or action to be taken should communicate
with:-

for establishment
or Civil Service
topics:-

other topics:-

Mr. J.C. SEDDON,
Ext. 600, Room 38/G,
N.P.O.

Press Office,
Ext. 261 or 83,
Room 77A/1,
N.P.O.

**NO MONEY FOR RELIEF
WORKS PROJECTS**

GENEVA, APRIL 19.

Major General Howard Kennedy,
director of the newly formed United
Nations Relief and Works Agency for
Palestine Refugees, said here to-day
that the inauguration of projects to aid
the Arabs will be delayed for some
months owing to the slowness of United
Nation member Governments in con-
tributing to the organisation. "We are
living on loans from the United Nations
fund and from the International Refugee
Organisation," he said.—British United
Press.

UP 158/1

IF.21/13/06

I.F.C.S.

↑ a
W.F.R.

292

20th April, 1950.

CONFIDENTIAL

Dear Parrott,

Thank you for your letter of the 1st April about the suggestions in Morton's letter of the 7th February and earlier correspondence of waste and inefficiency among members of the U.N. Secretariat. We are fully in sympathy with your view that any such extravagance should be eliminated if possible. At the same time I think I am right in saying that the Secretary General of the United Nations has a good deal of independent authority and before we proceed to attack the staffing arrangements for which he is responsible, I think we shall have to be pretty sure of our ground. It would, to my mind, be very difficult to do much merely on the basis of the general charges made in Morton's letters. Also I doubt whether Matthews, who has already discussed the whole question with Morton, could himself, at his distance from the ~~Far~~ East, be personally very effective in pointing out individual examples of waste and inefficiency.

2 Middle

The question thus resolves itself into whether it is possible to obtain any positive evidence of gross extravagance. It seems to me that Clapp might be an ideal witness to this if he is as convinced of the position as Morton, and from this point of view it is a pity that the opportunity to ask him to say something at New York has been missed. You will know better than I whether there is any further chance of his visiting Lake Success. Failing that I do not know whether you would feel that B.M.E.O. might be able to produce some positive evidence which would support Morton's charges. But unless something really tangible could be obtained from that source, I suggest that the best course would be to mention the matter in confidence to our representative on the new Mission to the Middle East and ask him to make a specific report on any instances in which members of the

/United

C.C. Parrott, Esq.,
Foreign Office,
S.W.1.

United Nations Secretariat in the Middle East seem grossly wasteful
or inefficient.

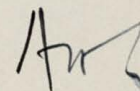
Yours sincerely,

A. H. CLOUGH

Mr. Furlonge's letter: 11th April

I spoke to Mr. Furlonge on the 20th April and told him that our Minister of State was still expecting a reply to his compromise offer as set out in my letter of the 4th April. It did not seem to us that the fact that that letter had crossed with one from the Foreign Secretary could properly be represented to the Minister of State as a fair rejection of his compromise offer. On the other hand it was quite clear from the Chancellor's endorsements of the Secretary of State's letter that even if the Minister of State replied to it, it would have to be to the effect that we were not prepared to go any further. I suggested that it was undesirable to put Ministers to all the trouble of going through the formality of a further letter to the Secretary of State or, alternatively, a letter from the Secretary of State to the Minister, but that the best course would be to try some fresh move to resolve the situation. Mr. Furlonge agreed and said that he would seek further guidance in the Foreign Office as to what this next step should be.

Confirmed from Minister of State's private office that he does not propose to write back until he hears further from the Foreign Secretary.

24th April, 1950.

296

Printed for the Cabinet. March 1950

SECRET

C.P. (50) 55

30th March, 1950

Copy No 11

Miss Booth ✓
 Sir James Crombie ✓
 295
 Pl put on Arab Refugee file
 when this is returned to LF
 Top copy has gone to
 Sir Henry Wilson Smith AM

 with a request for a brief by

 on due course

ECONOMIC AND

PLEASE PASS COPY OF
 CHANCELLORS BRIEF TO
 ECONOMIC SECRETARY,
 MINISTER OF STATE.

MIDDLE EAST

MEMORANDUM

I circulate here economic and social

As shown in circulated on 25th which in peace and is the danger of di countries and the We have therefore bring about improv was formed for this in 1945. The exp in preparing the w

AFFAIRS
 ort on recent
 183) which I Middle East, ted Kingdom, Middle East penetration. overnments to nent Division ch was set up oportant part rea.

Copy also to
 Sir Edwin Plowden

 Mr Hetchman

Mr Clough
 for information
 No brief required from us.
 J.P.P.
 24/4.

Foreign Office, 28th March

E. B.

MIDDLE EAST
ECONOMIC
SECRET

Copy Nd 11

C.P. (50) 55

30th March, 1950

CABINET

ECONOMIC AND SOCIAL DEVELOPMENT IN THE MIDDLE EAST

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

I circulate herewith for the information of my colleagues a report on recent economic and social development in the Middle East.

As shown in the paper on Middle East policy (C.P. (49) 183) which I circulated on 25th August, 1949, one of the main threats to the Middle East, which in peace and war is an area of cardinal importance to the United Kingdom, is the danger of disintegration due to the backwardness of many Middle East countries and the opportunities thereby provided for Communist penetration. We have therefore sought to encourage and assist Middle East Governments to bring about improved social and economic conditions. A Development Division was formed for this purpose in the British Middle East Office, which was set up in 1945. The experts attached to the Division have played an important part in preparing the way for economic and social development in the area.

E. B.

Foreign Office, S.W. 1,
28th March, 1950.

ECONOMIC AND SOCIAL DEVELOPMENT IN THE MIDDLE EAST 1949

SUMMARY

From the end of the war until the beginning of 1949, progress was slow, mainly for political reasons, but partly also owing to the need for basic survey work. During 1949 conditions became much more propitious and a real advance became possible.

2. The Middle East (Official) Committee was reconstituted in March, and the possibilities of economic and social development throughout the area were carefully examined. The Committee's interim report, recommending a basis for action, was approved by the Economic Policy Committee of the Cabinet, and was subsequently discussed in Washington with the State Department and the International Bank, who expressed their general agreement.

3. In the autumn, the United Nations Economic Survey Mission for the Middle East visited the area and, as a result of its interim report, the General Assembly approved the inauguration of a programme of works relief projects and set up a new Agency (the Near East Relief and Works Agency) to carry out this programme as well as to administer direct relief to Palestine Refugees for a limited period. The Survey Mission's final report recommended that, in addition to the works relief projects, an immediate start should be made with 4 "pilot demonstration projects" in Syria, Lebanon, Jordan and Arab Palestine.

4. Meanwhile, considerable progress took place in individual countries. In Persia, the American consortium Overseas Consultants Incorporated completed their final report on the Seven-Year Development Plan, and a special Planning Organisation was set up to carry it out. In Iraq the British Irrigation Development Commission completed its survey of the country's long-term needs and two major flood-control projects were put in hand. Our loan of £1 million to Jordan for development projects (work on which has now started) gave the impetus necessary for the establishment of the Economic Survey Mission, the effect of whose work is not confined to Jordan but extends to Syria and Lebanon and even to the Middle East as a whole. As regards the Nile Water Projects, preliminary work on the Owen Falls scheme has begun. In Egypt itself work has continued on the Aswan Dam Electrification Project. Considerable capital development, unfortunately not in every case wise, has taken place in Saudi Arabia.

5. In general, during 1949, the first stage of development—that of preparatory surveys—was largely completed and the second and third stages—those of detailed surveys and of the actual execution of projects—were reached. To meet the needs of these stages, provision was made during the year for investment from external sources in Middle East development on a substantial scale. We arranged a railway loan of £3 millions to Iraq and the International Bank have agreed to open negotiations with Iraq for a loan of \$8.4 millions for flood control and irrigation projects. We invested £1 million in development works in the Jordan. The Seven-Year Plan in Persia is at present being financed out of British oil royalties, and expenditure for 1949 is likely to have amounted to some £17 millions. The Near East Relief and Works Agency will, under its budget, spend \$34.7 millions (£12.3 millions—including our loan to Jordan) on relief works. Finally, it has been estimated that under the American and United Nations technical assistance programmes, which were initiated during the year, between \$6 and \$10 millions may become available for technical assistance to the Middle East in 1950-51.

6. These developments are reflected in the volume of British exports to the Middle East which increased from £20.5 millions in 1938 to £74.5 millions in 1946, to £113 millions in 1948 and £126.5 millions in 1949. It is estimated that allowing for the post-war rise in prices this represents a threefold increase.

7. The outstanding development during the year has been the commitment of the United States to play a direct and an important part in the development of the area, through their participation in the solution of the Arab refugee

problem, and through the "Fourth Point" programme. The Specialised Agencies of the United Nations and the International Bank have also played an increasing part in the development of the area.

8. Our own contribution in initiative and impulsion and also in technical assistance (in particular through the British Middle East office) has been great. Even in the field of finance it has been considerable, in spite of our economic difficulties, and it is hoped that our further participation in economic and social development, *e.g.*, in the programme of relief and works to be executed by the new Agency, will be the maximum which our resources will allow. Only in this way will our part in the economic development of the Middle East be commensurate with our position in the area and not fall unduly short of American efforts.

T. E. EVANS.

I.—GENERAL

From the end of the war until the beginning of 1949, progress in the field of economic and social development in the Middle East was slow. This was due, first, to the unsettled political situation in the area, culminating in the Palestine war, and, secondly, to the necessity for carrying out the necessary preliminary survey work to serve as a basis for the subsequent preparation of detailed plans. Between 1946 and 1948 surveys were undertaken, for example, by the Development Division of the British Middle East Office in most Middle East countries; by the British Irrigation Commission in Iraq; by Sir Alexander Gibb and Partners in Syria and the Lebanon; and by an American consortium—Overseas Consultants Incorporated—in Persia.

2. During the first months of 1949 the atmosphere began to change. With the end of the Palestine war and the growing menace of social unrest within and of Communist pressure from without, individual Middle East Governments were beginning to devote greater attention to the problems of economic and social development and to accept more readily outside assistance. At the same time the United States Government and the United Nations and its Agencies showed themselves increasingly prepared to assist in the development of the area. A great impetus to press ahead with development was given by the plight of the 7-800,000 Palestinian refugees, of whom a very large proportion will have to be resettled outside Israel. Finally, with the completion of the initial surveys referred to above, the second stage of development—that of detailed surveys of particular projects—and the third—that of the actual execution of projects—was reached in some countries. In these circumstances it was possible for substantial progress to be made during 1949, and despite our own economic difficulties we were able to play a considerable part in promoting this progress.

3. In order to enable us to meet the demands of this new situation, the Middle East (Official) Committee, which had been set up in December 1945 but had remained largely inactive, was reconstituted in March 1949, under the chairmanship of Mr. M. R. Wright, Foreign Office, as one of four regional committees reporting to the Official Committee on Economic Development (Overseas). During the ensuing months a detailed examination of development plans and possibilities in each Middle East country was put in hand, and on 8th November the Economic Policy Committee of the Cabinet approved the Committee's interim report, which recommended that His Majesty's Government should encourage and assist a number of particular projects in the area. In the same month, Mr. Wright and Mr. T. E. Evans (Head of the Middle East Secretariat, Foreign Office), visited Washington for informal discussions with the State Department and the International Bank. Both the Department and the Bank expressed their desire to make a positive contribution to the economic development of the Middle East and their general agreement with the programme outlined in the interim report. The State Department pointed out, however, that at the present stage of United States policy the United States Government's ability to give direct economic assistance to the Middle East was confined to the "Fourth Point" programme, which provided for technical assistance only and would not involve the supply of capital from Government sources for the financing of development, and to the implementation

of the recommendations of the United Nations Economic Survey Mission for projects which would provide work relief for the Arab refugees (see paragraph 4 below).

4. Meanwhile, the State Department and we had since the spring been examining in close consultation the urgent and difficult problem of the future of the Arab refugees. In August, at our joint instigation, a United Nations Economic Survey Mission was appointed "to examine the economic situation in the countries affected by the recent hostilities" and in particular "to facilitate the repatriation and resettlement of the Arab refugees." Experts from the British Middle East Office played an important part in the work of the Mission—indeed, without their experience and knowledge its task could not have been completed in the comparatively short space of four months.

5. The Mission recommended that direct relief should be supplemented, and gradually superseded, by a programme of relief works in Jordan, Arab Palestine, Syria and Lebanon covering terracing, afforestation, road development and minor irrigation works which would be of benefit to their long-term development generally. On 8th December the recommendations of the Mission were approved by the General Assembly and a "United Nations Relief and Works Agency for Palestine Refugees in the Near East" established. The total cost of the programme was estimated at \$54.9 millions (£19.7 millions), of which \$34.7 millions (£12.3 millions) was required for works relief and \$20.2 millions (£7.2 millions) for direct relief.

6. The Economic Survey Mission's final report was published on 28th December. In this report the Mission emphasised the importance of a cautious approach to Middle East development and urged that sound progress could only be achieved through the development of indigenous resources by improved methods of production and through the acquisition by the Middle East Governments and nationals themselves of essential training and experience. It was recommended that each Middle East Government should establish a National Development Board, and that, in addition to the Relief Works Programme provided for under the General Assembly Resolution of 8th December, four "Pilot Demonstration Projects" should be put in hand at once, in the Lebanon (Survey of the Litani River basin), Syria (reclamation of the Ghab swamps), and Arab Palestine and Jordan (unified development of the basins of the Wadis Qilt and Zerka). Funds to begin the two latter projects should be made available by the new Agency and the remainder of the cost of all the projects should be borne by the Governments concerned with, if necessary, help from the international community or individual friendly Governments. The total cost to the Governments is estimated at £6.6 millions, and the development of the Litani basin, which is expected to be put in hand when the Survey has been completed, may amount to £10 millions.

7. We had since November been in close consultation with the State Department regarding the application to the Middle East of the "Fourth Point" technical assistance programme and the United Nations expanded programme of technical assistance to undeveloped areas, both of which are expected to come into operation in the course of this year. It has been estimated that under these programmes between \$6 and \$10 millions may become available in the first year for the Arab countries for the provision of expert advisers (including firms of consultants), research workers, technical equipment (other than capital equipment) and training and educational facilities abroad. It is essential that these programmes should supplement and not supplant our own contribution to the technical development of the area; the State Department are in agreement with us that the Middle East can absorb all the technical assistance that is likely to be available to it from every source. We consider that our effective contribution will lie, first, in the services of the Development Division of the British Middle East Office, which the State Department do not intend to duplicate, and the expansion of which we are now considering; and secondly, in filling quickly the 150 or so vacancies which at present exist for British experts under the Middle East Governments. At present great difficulty is being experienced in finding candidates for these posts. It is considered that this difficulty can be resolved partly by arranging secondment from Government departments, universities and other institutions—this is now being explored with the authorities concerned—and partly by supplementing the salaries offered in certain cases—and the Treasury have now agreed in principle to this.

8. During 1949 there was an increase in British exports to the Middle East. The total value of our exports to the area (including Persia and the Italian colonies), which amounted in 1938 to £20·5 millions and in 1948 to £113 millions, reached the figure of £126·5 millions in 1949. (Allowing for the post-war rise in prices this represents roughly a three-fold increase since before the war.) A large proportion of the increase shown during the year was accounted for by oil company equipment. Apart from this, the significant expansion has been in Iraq, where British contractors have obtained orders for a number of important development schemes. In Egypt, owing to the Companies Law and the difficulties generally placed in the way of British firms by the Egyptian Government, no progress was made in obtaining contracts for capital projects and our commercial position in fact deteriorated during the year. Our exports to Persia remained steady during the year and there are considerable prospects of expansion as contracts come forward under the seven-year plan. During the coming year there are likely to be increased opportunities for British trade in connexion with the projects described in this paper, but at the same time increased competition from the United States must be expected when the provisions of the "Fourth Point" programme for encouraging American private investment, and providing large numbers of American technicians, come into force in the Middle East.

II.—INDIVIDUAL COUNTRIES

(a) IRAQ

The British Irrigation Development Commission, which was appointed in 1946 by the Iraq Government, completed its survey of long-term irrigation development plans for the country in the summer of 1949. It recommended a programme of works for the next half-century which, at a total estimated cost of £88 millions (£2 millions per annum) could add about 9 million acres to the country's existing irrigation area of 8 million acres, and ensure complete flood control of the Tigris and Euphrates. Meanwhile, two major projects for flood control and water storage in this programme were already put in hand: works for the Euphrates at Lake Habbiniyah were undertaken by the British firm Balfour Beatty, at a cost of £2 millions; and the British consulting engineers to the Iraq Government were commissioned to prepare detailed specifications for the first stage of major works for the Tigris in the Wadi Tharthar depression, estimated to cost £7 millions. The Iraq Government also established contact with the International Bank for a loan of \$8·4 millions for these works.

Progress in railway development schemes was also made in Iraq during the past year, and to cover the expenditure on these schemes His Majesty's Government arranged a loan of £3 millions to the Iraq Government through the Export Credit Guarantee Department.

Acting on our advice and on that of the International Bank, the Iraq Government prepared legislation to set up a Central Development Board, to which it is hoped that a British Secretary will be attached.

(b) EGYPT

One of the most important events in the economic development of Egypt since the war was the exchange of notes which took place in Cairo on 30th and 31st May, in which His Majesty's Government and the Egyptian Government agreed "in accordance with the spirit of the Nile Waters Agreement of 1929, to the construction of a dam at Owen Falls in Uganda for the production of hydro-electric power and for the control of the waters of the Nile." The Egyptian Government, in a separate note, also placed on record the Egyptian Prime Minister's declaration, made on 19th May, that the Egyptian Government would "welcome the participation of the Sudan in the projects for the control of the Nile which are now under consideration."

Since then, with the approval of both Governments, contracts have been placed by the Uganda Electricity Board for the construction of the dam, preliminary work has already begun at Owen Falls, and it is hoped that the foundation-stone will be formally laid in the course of the summer of 1950. Notes have still to be exchanged regarding the assessment of the compensation (between £3 and £4 millions) to be paid by the Egyptian Government for damage to lakeside interests

caused by the heightening of the dam. The precise wording of these notes is still under consideration by the Egyptian Government and the East African Legislatures. It has, however, already been agreed that in any case Sir Alexander Gibb and Partners should be nominated as the assessors.

Since the conclusion of the Owen Falls Agreement His Majesty's Government have applied constant pressure in an effort to have negotiations opened, with the participation of Sudan technicians, regarding the Lake Tana Project. This endeavour has not yet succeeded, largely as the result of the Egyptian Government's insistence on treating the question of the Sudan's participation in the proposed negotiations as a political issue.

Preliminary work continues on the Aswan Electrification Project, and many contracts have already been placed by the Egyptian Government. The future of the project is, however, still obscure. The placing of the valuable civil engineering contracts has twice been postponed (on the second occasion until May 1950), and the new Egyptian Minister of Public Works is believed to be contemplating a radical revision of the project, in order to reduce its cost, which is at present estimated at £18 millions, and which already greatly exceeds the estimate originally made by the Commission set up after the war.

(c) PERSIA

In May 1949 the Persian Government established a planning organisation to administer the 21,000 million rials (£240 millions) seven-year plan of economic and social development. Overseas Consultants Incorporated (O.C.I.), an American consortium of firms with which the British firm, Sir Alexander Gibb and Partners, is closely associated, submitted to the Persian Government detailed recommendations for the implementation of the plan. Subsequently, the O.C.I. signed a contract with the plan organisation providing that it should act as consultants to the organisation for the execution of the plan. The O.C.I. are providing twelve resident expert advisers, and additional technicians are being appointed by the Persian Government to executive posts in the planning organisation. These already include four senior British experts—the first to be employed in Persia since the war.

Apart from the reorganisation of government-owned concerns and the provision of financial assistance, mainly in the form of additional capital, to certain Government and private enterprises, the work of the organisation during the current financial year has been confined to the execution of certain high priority projects, including the extension of the railway system to Tabriz and Meshed and the ploughing of the Moghan Steppe in Azerbaijan. The total expenditure for the year is likely to amount to some 1,600 million rials (about £17 millions).

Under the seven-year plan law of February 1949, the work of the plan organisation is to be financed from Anglo-Iranian Oil Company royalties. In addition the Persian Government hope to obtain assistance from the International Bank, to which they have already applied for a credit of \$45 millions.

(d) JORDAN

In March 1949 we decided that it was necessary that we should give some financial assistance to the Government of Jordan in order to ensure the economic stability of Jordan and Arab Palestine, and that this assistance should take the form of an interest-free loan of £1 million for development projects which would also provide for resettlement of as many Arab refugees as possible. A list of projects, comprising construction of roads and of houses for refugees and certain agricultural research and experimental schemes, mainly in the Jordan valley, was drawn up in the autumn, in consultation with the Economic Survey Mission (since it was considered important that these projects should dovetail into the Commission's works relief schemes) and work has now started on them. At our instigation the Jordan Government set up a Central Development Board with one British official on it to co-ordinate and supervise the execution of the projects. On our advice, the Jordan Government, in the summer of 1949, engaged the British firm of Sir M. MacDonald and Partners to survey the Jordan Valley and to prepare plans for the development of its irrigation possibilities. The report, which will shortly be available, will be of great value to the Jordan Government in connexion with eventual negotiations with Israel on the utilisation of Jordan

waters. Israel's own plans, or at least the grandiose Hays-Savage Project for "T.V.A. on the Jordan," take only the barest account of Jordan's needs.

During the year an Italian-Jordan Company was formed with our encouragement for the exploitation of Jordan's extensive phosphate deposits. Production and export on any significant scale will not, however, be possible until transport facilities through Haifa are available.

The problems of communications and the development of the port of Aqaba have also been studied.

(e) SYRIA

Works relief projects on which refugee labour will, it is hoped, be employed, cover roadmaking, swamp drainage, aerodrome and port construction, reforestation and terracing and the excavation work connected with the Aleppo water supply project (which involves bringing water from the River Euphrates over a distance of some 50 miles). The pilot demonstration project recommended by the Economic Survey Mission involves the unified development of the Ghab plain in the Orontes Valley, and includes drainage, irrigation and the development of hydro-electric power at a cost of between £5 and £6 millions.

Work on the specifications for the important Aleppo water supply project, which will cost about £3 millions, continued during 1949. Much progress was also made on the modernisation and expansion of the country's telephone system; the new automatic exchange in Damascus has been inaugurated.

(f) LEBANON

Works relief projects envisaged for the Lebanon are concerned with irrigation. The pilot demonstration project recommended for the Lebanon is the survey, with a view to unified development, of the Litani Valley. The survey, which will take one year, will cover flood control, drainage, irrigation, soil conservation and utilisation and the development of hydro-electric power. The execution of the project once the survey is completed will probably cost £10 millions.

In the course of 1949, progress was made on the South Lebanon irrigation scheme and on the construction of the new Beirut (Khalde) aerodrome. The irrigation scheme, which utilises the waters of the Litani, was begun in 1945 under British military auspices and the main tunnel was bored by engineers of the South African Forces. It will permit the perennial cultivation of an area of 12,500 acres of the coastal plain, along which the main canal extends for a distance of 40 miles.

The newly extended oil refinery at Tripoli, which is intended to cater for the present needs of the Lebanon and Syria, has been opened.

Tenders for the Beirut and Tripoli automatic telephone exchanges have been submitted.

The Lebanese Government has announced that credits amounting to £10 millions will be devoted to a six-year development plan covering irrigation and water supplies, agriculture, public health, education, &c.

(g) SAUDI ARABIA

During 1949 the Saudi Arabian Government continued to press ahead with a number of capital development schemes—road and railway construction, electrification, telephone installations, port and airport development, &c.—some of them sound and some of them, such as the half-finished railway from Damman to Riyadh, of doubtful economic value. Several large contracts have been awarded to American firms, but a substantial number of smaller contracts have also been awarded to British firms.

Saudi Arabia is now earning about £35 millions per annum in foreign exchange from her oil royalties and pilgrim traffic. Excessive expenditure on the capital development schemes (which are at present absorbing about £10 million of foreign exchange a year), combined with the personal extravagance of the Royal Court and administrative corruption, reduced the country, by the end of 1949, to a state of bankruptcy.

Nevertheless, there were some signs during the year of a more realistic outlook and of a desire to promote social as well as development projects. Two senior

British health experts were appointed to reorganise the quarantine administration, and their recommendations for improving the country's health services generally are likely to be accepted. A Directorate of Agriculture has been set up and has made a promising start.

(h) PERSIAN GULF

The formation of a British Company (with local participation) for the development of the rich South-Arabian fisheries is being actively pursued with the Muscat authorities. Close attention has been given to the problem of inducing the rulers of the oil producing States—Bahrein, Kuwait and Qatar—to spend their oil revenues on sound development projects, and to invest their surpluses in such a way that they could be used for the development of other areas in the Middle East.

G.R.

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IF. 21/13/06E

MR. SHARPE

The Foreign Office have told me that the Minister of State for Foreign Affairs had a preliminary talk last week-end with our Minister of State on the question of our contribution for Arab refugees, and it is proposed to have another talk this week.

The present position is as set out in my minute of the 20th March, the only development being that, acting on the Minister of States' instructions, we have written to the F.O. making the compromise offer to which he agreed. We still await their reaction to this.

I also attach a note on U.K. expenditure in the Middle East which was prepared for the Chancellor of the Exchequer.

A.H. CLOUGH

27th April, 1950.

303
~~Mr F. J. Robertson~~

Miss Booth

In regard the fee

is with Mr. Sharp. (Chancellor's
branch)

W. H. Nelson

28/4.

Any other?

Ans!

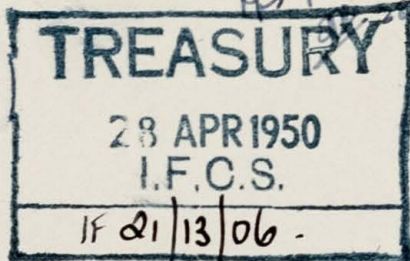
Mr Clough

all to the good

I.F.C.S.

p. a. 21/13/06

W. H. R.
29/4



FOREIGN OFFICE, S.W.1.

27th April, 1950.

My dear Clough,

Please refer to my letter of the 13th April enclosing a copy of the draft brief for the United Kingdom representative of the Advisory Commission of the new Arab Refugee Agency.

Notes
2. Paragraph 10 of the brief refers to the Agency's Provisional Financial Regulations. We have now heard from Sir Henry Knight that these Regulations were modified at a meeting held at New York which was attended by General Kennedy. They now read:

- (a) A plan of expenditure showing by calendar quarters anticipated receipts and expenditures of the Fund shall be prepared by the Director in consultation with the Agency's Advisory Commission.
- (b) This plan of expenditure shall constitute an authorization, etc.

Notes
3. Sir Henry Knight has informed us that the amendment was made at the insistence of the United Nations Secretariat to provide for the legal position by which the Secretary-General is responsible through the Director for the finances, and that the amendment was accepted by the American representative on the United Nations' Advisory Committee on administrative and budgetary questions, and by the United Kingdom representative, Sir William Mathews. Sir Henry Knight does not consider that this alteration will make any practical difference to the Advisory Commission's control as long as General Kennedy is the Director of the Agency.

Approved,
P. E. Evans
(P. E. Evans)

A. H. Clough, Esq., O. B. E.,
Treasury,
S. W. 1.

IFCS
pa.

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FOREIGN OFFICE, S.W.1.

4th May, 1950.

URGENT

My dear Clough,

...

Please see attached the text of a Parliament Question on our contribution to the Arab Refugee Fund and our draft reply (together with material to deal with any supplementary questions).

2. If you have any comments, perhaps you would be so good as to give me a ring, if possible at the end of the morning.

Yours sincerely,

T. E. Evans

(T. E. Evans)

A. H. Clough, Esq., O. B. E.,
The Treasury,
S. W. 1.

*Draft answer agreed
with Po*

Amz

11/5/1950

The amount of H.M.G. contribution is still under consideration. Inclusive of the £1,000,000 interest-free loan to the Government of Jordan, which was made to enable that Government to undertake development projects which would have the effect of making possible the resettlement of some of the Arab refugees now in Jordan, the

DRAFT REPLY TO
PARLIAMENTARY
QUESTION

Mr. William Wells,-
To ask the
Secretary of State
for Foreign Affairs
what subscription
the Government
consider to pay to
the United Nations'
Relief and Works
Agency

amount of the contribution so far agreed by
H.M.G. is £2,500,000.

Points for Supplementary Questions

1. Provision has, or will be made to make this sum available as follows;-

£500,000 (Loan to Jordan Government): Financial Year 1949/50.

£500,000 (Loan to Jordan Government): Financial Year 1950/51.

£750,000 (Contribution); Financial Year 1950/51.

£500,000 (Contribution): Financial Year 1951/52.

£250,000 (Contribution agreed since the 1950/51 Estimates were prepared): Financial Year 1950/51 (Supplementary Estimate) or Financial Year 1951/52.

£2,500,000

2. It was at one stage envisaged that our contribution should be subject to certain conditions and in the 1950/51 Estimates it is stated

(1) H.M.G. has agreed "to contribute, in certain circumstances, a further sum not exceeding £500,000 to the Agency for emergency relief and short-term relief works."

(ii) H.M.G. has also agreed "to make a contribution not exceeding £750,000 for development projects for the permanent settlement of refugees."

The inclusion of the words "in certain circumstances" in (i) was intended to permit the relation of that part of our contribution to contributions by other Governments, i.e. the application of "a matching condition."

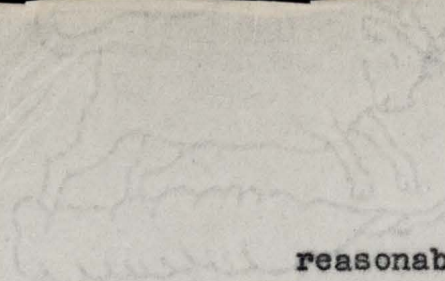
It has now been agreed to waive these conditions in respect of the £500,000 and the £750,000 and also the additional £250,000 agreed since the Estimates were prepared.

3. The total sum required for the Agency's eighteen months Programme (to June, 1951) is approximately \$54 million. The contribution so far agreed by H.M.G. is the equivalent of \$7 million. The United States Government have asked Congress to approve a contribution of approximately \$27 million. No definite information is so far available regarding contributions by other Governments.

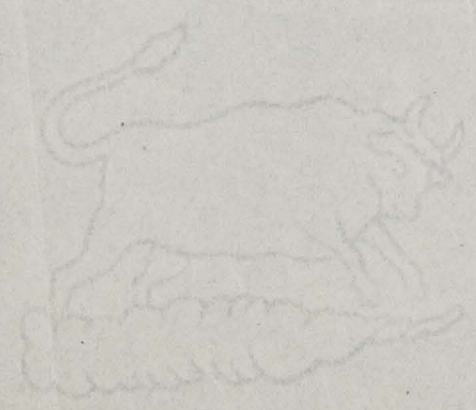
4. The development projects to be financed by our £1,000,000 interest-free loan to Jordan will provide work for the refugees - an essential part of the Agency's programme. Moreover, plans for the expenditure of that part of the loan made available in the Financial Year 1949/50 were prepared by the Jordan Government in consultation with the United Nations' Economic Survey Mission in accordance with whose recommendations the Agency has been set up. It is, therefore,

Proposed that the Americans also agree to disburse with matching conditions





reasonable that our interest-free loan should be considered for any "matching purposes" as part of H. M. G's contribution to the Agency's funds.



E.R.

Mr. ~~Cherry~~

Mr. Field Robinson to see with
Ashford & put in regd
file. 309

The Minister of State came and discussed to-day with the Minister of State for Economic Affairs the question of assistance to Arab Refugees.

He did not advance any fresh arguments, but stressed the desirability of making the U.K. contribution as substantial as possible in order to facilitate the passage through Congress of measures enabling the United States to contribute \$27 millions. He thought that a U.K. contribution of \$9 millions instead of \$7 millions, to which the Chancellor had agreed, would make things easier from this point of view. He also stressed the importance of getting a substantial U.S. contribution since without that it would be impossible to make much progress with the resettlement of the refugees, and this would result in a continuing liability, which he thought the U.K. would not be able to disclaim entirely, for maintaining them on a relief basis.

Mr. Gaitskell reiterated the concern which he and the Chancellor felt about increasing sterling expenditure in Middle East countries, pointed out that at least the U.K. had promised a firm \$7 millions, whereas it appeared that other countries had not produced any firm offer, and added that the despatch of 24th February from Sir Oliver Franks rather suggested that there was some confidence that the \$27 millions would be forthcoming from the Americans without too great difficulty and irrespective of whether our contribution was \$9 millions or \$7 millions. He thought it would be best for the Foreign Office to accept the \$7 millions firm and see what results it produced.

Mr.

Mr. Younger said that he could not press the matter further at this stage, but reserved the right to reopen it and ask for an increased contribution should examination of the matter by Congress or further discussions by the Commission in the Middle East appear to warrant this.

J. P. P.
5th May, 1950.

Palestine Arab Refugees

60. **Mr. Pickthorn** asked the Secretary of State for Foreign Affairs what recent communications he has had with the United Nations about Palestine Arab refugees.

Mr. Ernest Davies: The Secretary General of the United Nations has been in communication with His Majesty's Government regarding our financial contribution to the United Nations Relief and Works Agency for Palestine refugees, and the appointment of its director. The United Nations Palestine Conciliation Commission has also consulted the Foreign Office informally regarding the release of Arab balances blocked in Israel.

Mr. Pickthorn: Can we be told how many Palestine Arab refugees His Majesty's Government think there still are?

Hon. Members: Answer.

Mr. Eden: Could we not be told? Could not the hon. Gentleman tell us how this matter now stands? This is a matter in which the whole House takes an interest.

Mr. Davies: We believe that the figure which I have been asked to give is round about three-quarters of a million.

Mr. David Renton: Bearing in mind that these people have been deprived of the opportunity of living in their country, will the hon. Gentleman say where they will get an economic livelihood in future?

Mr. Davies: That is precisely what the United Nations is considering at the present time. It is endeavouring to bring about the resettlement of the Arab refugees through a number of works projects which are being worked out in the Middle East.

Mr. Eden: Can the hon. Gentleman say how many have been resettled so far?

Mr. Davies: No, Sir. It has not reached the point where there has been actual resettlement.

Extract from Hansard 8-5-50 P. 30

UNITED NATIONS

Relief and Works Agency

54. **Mr. William Wells** asked the Secretary of State for Foreign Affairs what subscription the Government proposes to pay to the United Nations Relief and Works Agency.

Mr. Ernest Davies : The amount of the contribution so far agreed by His Majesty's Government is £2,500,000.

!! Note
1,500,000
to UNRWA!

Mr. Wells : While thanking the Minister for that answer, may I ask if he is now satisfied that the arrangements for the relief and rehabilitation of Arab refugees is on the best basis that circumstances make possible?

Mr. Davies : I think the hon. Member should wait and see the result of relief which is contemplated under the United Nations Relief and Works Agency.

Mr. John Hay : Can the Minister say whether this payment will be made in sterling or in dollars?

G.R.

Mr. Fred Robinson

0/282/50

313

SECRET.

I.F.C.S.

p.a.

IF.23/13/06

WTR
20/5

THE LONDON CONFERENCE

MAY, 1950

Extract from NOTE of an informal Meeting of Ministers held at 1, Carlton Gardens, S.W.1, on THURSDAY, 11TH MAY, 1950, at 9.30 a.m.

RELIEF OF ARAB REFUGEES.

It was agreed that some further expenditure would be warranted for the sake of securing a general settlement in this area; and it was decided that the Foreign Secretary might offer to increase our contribution to this fund from the sterling equivalent of 7 million dollars to the sterling equivalent of 9 million dollars.

TS

18/v

SIR JAMES CROMBIE

Copy to:
MR. CLOUGH
MR. SHARP.

I am sorry we did not spot this at the time.

TS

For Clough.

~~SECRET~~

Mr. Felix Rabreau

314

1. Mr. Ashford

2. I.F.C.S. 7 a 21/13/06

Wick
19/5

THE LONDON CONFERENCE

MAY, 1950

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TS
18/2

SIR JAMES CROMBIE

Copy to:
MR. CLOUGH ✓
MR. SHARP.

I.F.C.S. 315
P.A.
IF 21/13/06
W.F.R.
1/6

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

Cypher/OTP

DEPARTMENTAL DISTRIBUTION

FROM BEIRUT TO FOREIGN OFFICE

Sir W. Houstoun Boswall

No. 230

D. 9.20 a.m. 17th May, 1950

16th May, 1950

R. 10.34 a.m. 17th May, 1950

SECRET

Following for Evans from Knight.

My French Colleague states that the French Government will recommend to Parliament a contribution to U.N.W.R.A. of 500 million francs which if passed will be available in June-July and later a supplementary appropriation of the same amount. The later contribution at least is likely to be conditional on:

(a) efficient use having been made by U.N.W.R.A. of the first contribution,

(b) a certain proportion of the French contribution being spent on works in Syria and the Lebanon,

(c) a proper proportion of French personnel being employed by U.N.W.R.A. which is not the case at present.

This bears on my telegram No. 229 regarding U.N.W.R.A. appointments.

DISTRIBUTED TO:-

Eastern Department
Middle East Secretariat

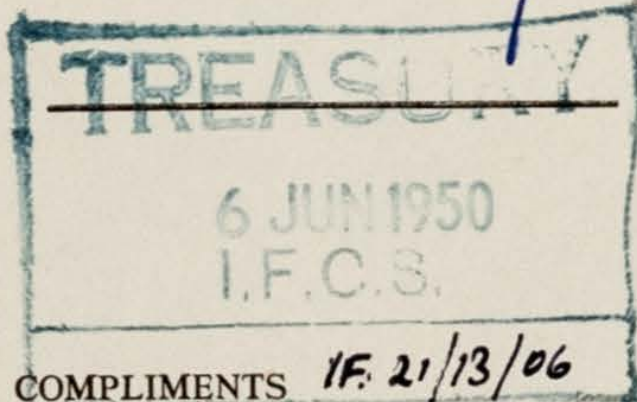
H H H H

LE. 1822/20 Col Russell
Mr. Feighboen A. Clough (SCV)

to see (on return)

Treasury. WTR

~~SECRET~~



WITH THE COMPLIMENTS
OF THE UNDER-SECRETARY OF STATE
FOR FOREIGN AFFAIRS

Reference :—

Copies also sent to :—

Foreign Office,
31st May 1950

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

Cypher/OTP

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DISTRIBUTED TO:-

Eastern Department
Middle East Secretariat

H H H H

Mr Field Robinson / ^{see note below 1/3/50?} Any comments?
Mr Croome Away.

Att 2 319

I.F.C.S.
Reg. on I.F. 21/13/06
a return for activity
3/6

FOREIGN OFFICE, S.W.1, 5/6

5th June, 1950.

TREASURY
6 JUN 1950
I.F.C.S.
IF. 21/13/06

My dear Clough,

1. I am sending you herewith UNRWA's Plan of Expenditure for May and June.

2. Sir Henry Knight points out that the Plan is inevitably based on the expenditure of voluntary agencies from whom UNRWA took over on May 1st, but hopes that the Agency may effect savings on it, although until the machine is working normally it is not possible to be definite on this point.

3. As regards the works projects (sheet no.4 of the Plan) \$ 250,000 was included for roads and terracing, although it was realised there was little prospect of much work starting before the end of June. The Agency hope, however, that the Jordan Government will have some of these works under-way before very long. The textiles manufacturing is already going on in Gaza but needs more funds. Soap making was it is believed started and then stopped owing to lack of money.

4. I should be glad to have any comments you may care to offer on these estimates. Could you kindly let me have the Plan back in due course.

T. E. Evans
(T. E. Evans)

A.H. Clough, Esq., O.B.E,
Treasury,
S.W.1.

NOTE.

320

I find the information given too succinct to make any useful comment.

Perhaps as stated in para 3 of F.O.'s letter it is too early to give more ample information.

W.D.R.

6/6

10 JUN Recd

Col. Russell Edmunds

A. Clough, Esq.
Treasury.

321

EQ1822/29

CONFIDENTIAL

WITH THE COMPLIMENTS
OF
MIDDLE EAST SECRETARIAT

~~Robert Roberts~~

1. Miss Chard

2. I.F.C.S.

na. 21/13/06

W.A.H.
15/6

TREASURY
19 JUN 1950
I.F.C.S.

7th June, 1950

322

COPY

(EE 1822/29)

FOREIGN OFFICE, S.W.1

CONFIDENTIAL

1st June, 1950.

Your letter of 20th May regarding our contribution to UNRWA.

I am sorry that our telegram No. 220 was not sufficiently clear. The answers to your queries are :- (a) No. (b) Yes.

The position is that no "matching" condition will be attached to our contribution as long as the American contribution is similarly free from strings. In this respect there is no difference between the original amount of our contribution and the additional ~~2~~ 3 million now approved.

As regards the original condition ear-marking a specified amount for the permanent resettlement of refugees, this has been waived. We are relying on you and on the system of quarterly estimates and reports to ensure that the best use is made of our contribution and that no opportunity for the permanent resettlement of refugees is missed.

We are telegraphing you regarding the selection of projects to be financed from the second half of our loan to Jordan.

Yours ever,

(sgd.) T. E. Evans.

Sir Henry F. Knight, K.C.S.I., C.I.E.,
British Legation,
Beirut.

COPY

(EE 1822/29)

323
British Legation,
Beirut.

20th May, 1950.

Dear Evans,

I am most grateful for your telegram No.220 of May 17th regarding the Jordan loan contribution to UNRWA. This has cheered UNRWA up very considerably (and has, I think, slightly shaken my French colleague!).

I am not very clear, however, as to part of your telegram. Am I right in taking it (a) that the extra \$2 M is unconditional, whether the American contribution is likewise unconditional or not, and (b) that there is no condition that any part of the contribution must be earmarked for the permanent resettlement of the Refugees? I should be grateful if you would let me have this clear.

Kirkbride, in his letter No. 108/1/50 of May 6th to Furlong has put to the Foreign Office the difficulty as to who is to control the £1,000,000 Jordan loan, and I should be grateful for orders on this point, if possible by telegraph because my colleagues are getting somewhat restive under the uncertainty of whether you or we are henceforth to approve expenditure from it.

Copies of this letter are going to Houston-Boswall and Kirkbride.

Yours sincerely,

(sgd.) H.F. Knight.

Trefor Evans, Esq.,
Foreign Office,
S.W.1.

Mr Field Robinson

324

Will you advise pl?

FOREIGN OFFICE, S.W.1.

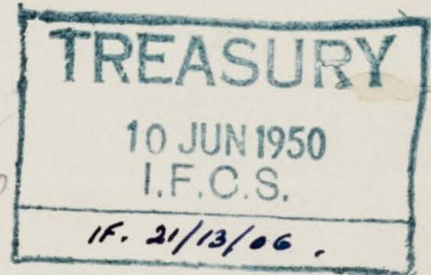
9/6

(EE 1822/24)

CONFIDENTIAL

*I.F.C.S.
pl. reg. on I.F. 21/13/06
& return for action
W.H.S.
9/6*

7th June, 1950.



My dear Clough,

I enclose a copy of a letter from our Embassy in Washington. You will see from the second paragraph that the State Department have suggested that we might like to consider and later discuss with them the way in which our respective contributions to United Nations Relief and Works Agency should be apportioned between relief, works and debt payment.

The debts in question are, of course, the £1 million International Refugee Organisation loan and the \$5 million advance from the United Nations Working Capital Fund. These amounts have practically all been spent already on relief.

The United Nations Relief for Palestine Refugees programme as you know involves expenditure of about \$54 million, of which \$34 million (63%) is for works and \$20 million (37%) for relief. His Majesty's Government's contribution is £3.2 million (inclusive of our loan to Jordan) and on this basis £2.016 million would be allocated for works and £1.184 million for relief.

Correct

£1 million of His Majesty's Government's contribution, i.e. the Jordan loan is already definitely earmarked for works. A further £1.016 million would then remain to be allocated for the same purpose.

/of

A. H. Clough, Esq., O.B.E.,
Treasury.

Of the £1.184 million which on this basis would be allocated for relief, only £.184 would remain if the State Department suggestion that the £1 million I.R.O. should be repaid from our contribution, were adopted. We are now making the Agency an advance of \$500,000 and repayment of the I.R.O. loan from the relief portion of our contributions will only be possible if the Agency do not use this \$500,000 for relief, i.e. if they earmark it for debt repayment. This in turn depends on the \$8 million advance from the American contribution being made available immediately to finance relief operations. From the United Kingdom point of view there might be advantage in repaying the I.R.O. loan from our contribution as this would reduce possible calls for the conversion of some of our contribution into local currencies. As you know, transfer facilities into other currencies have been given to the extent of some £905,000 of the £1 million I.R.O. loan, i.e.:- Palestine £295,000, Lebanese £350,000, Syrian £234,000, Israeli £12,600, French £13,145.

Account

Similarly on this basis \$17 million of the American contribution of \$27 million would be for works and \$10 million for relief. If the \$5 million United Nations loan is repaid from the American contribution, \$5 million would be left for further

/relief

326
~~222~~

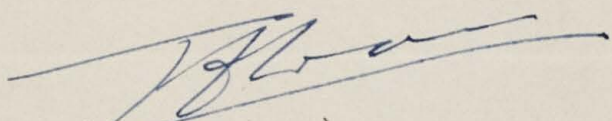
relief. Of the £8 million advance no more than £5 million could then be available for relief and the balance of £3 million would have to be earmarked for works. The present intention of the State Department is that the greater part of this advance should be available for relief but that some would be reserved for works.

This would mean that if the Agency's debts are paid from the United Kingdom and United States contributions something over £5 million will be available from these contributions for relief. This should suffice for three or four months. Funds for relief (on it is hoped a gradually diminishing scale) after this period and until the works programme is in full swing would have to be made available from other governments.

X and
contributed
from

We are inclined to think that something on these lines would be a reasonable arrangement. May we have your comments?

Yours ever,



(F.E. Evans)

COPY

EE 1822/24)

CONFIDENTIAL AIR BAG

(1165/172/50)

324
BRITISH EMBASSY,
WASHINGTON.

May 20th, 1950.

Dear Trefor,

Just before receiving the repetition of your telegram No. 220 to Beirut of May 17th, I was asked by Gardiner of the State Department whether I could give him any additional details of the decision, of which he had heard from London, to make available the equivalent of \$9 million for Arab Refugees. I showed him your telegram, which answered part of his enquiry, but, as there were several other points on which he wanted information, he sent a telegram to London, which has now no doubt been put to you.

2. Gardiner said that the State Department hoped to have the first \$8 million of the American contribution available fairly soon (since this can be provided in advance of the approval of the appropriation). They intended to make the greater part of this available for relief purposes, but some would be reserved for relief works. They did not intend any of it to be used to pay off debts (the debt to the United Nations and the debt to the International Refugee Organisation). This could be done when the full amount of the contribution became available later. He suggested that perhaps we might like to consider, and later to discuss with the State Department, the way in which our respective contributions should be apportioned between relief, works and debt repayment. He tentatively suggested that we might arrange for the I.R.O. debt, which was in sterling, to be paid out of our contribution, while the United Nations debt, which was in dollars, would be paid out of the American contribution.

Yours ever,

T. E. Evans, Esq.,
Middle East Secretariat,
Foreign Office,
London, S.W. 1.

(signed) B.A.B. Burrows.

328

IF.21/13/06

13th June, 1950.

Dear Evans,

Thank you for your letter of the 5th June enclosing UNRWA's Plan of Expenditure for May and June.

The Estimate has been examined here, but the information given is rather too succinct for us to make any useful comment. Perhaps for future occasions you might ask Sir Henry Knight to give some amplified information accompanying the figures - e.g. more details of the works projects including their location and aim. I quite appreciate that in this instance it was perhaps too early to be able to do this.

I return the Plan as requested.

Yours sincerely,

A.H. CLOUGH

T.E. Evans, Esq., O.B.E.,
Foreign Office,
S.W.1.

EE.1822/24

329

IF.21/13/06

13th June, 1950.

Dear Evans,

Thank you for your letter of the 7th June about the apportionment of the new American and U.K. contributions to UNRWA. In a general way I am in agreement with what you say. I feel, however, that one can only speak in broad lines at the present stage and that it is rather unrealistic to get down to cash figures when the Americans have not yet paid up anything and we have only a portion of our contribution voted. As I have said in another letter, we have as yet received only very scanty information of UNRWA's works plans, and meanwhile I suppose relief has to go on. It is therefore difficult to define at present at what precise figure relief should be confined since we know nothing of when works programmes begin.

It seems fairly natural that the dollar debt of UNRWA to the Working Capital Fund of the United Nations be met out of the United States contribution, and that the sterling debt to I.R.O. be met out of the U.K. contribution. But I would remind you that the latter at least is subject to contractual obligations between UNRWA and I.R.O., and it is not for us to decide how and when UNRWA shall repay I.R.O.

Yours sincerely,

A. H. CLOUGH

T.E. Evans, Esq., O.B.E.,
Foreign Office,
S.W.1.

330

Note

Provision made in
Supplementary Estimate
for 1950/51 for £750,000 for
Relief of Palestine Refugees.
(HF 67/317/04).

ms
19/6.

Mr Reginald Robinson
28 JUL Recd

Unclassified

EE 1822/44

A. H. Clough, Esq.
OBE

Treasury

WITH THE COMPLIMENTS OF

EASTERN DEPARTMENT

J.F.C.S.
p.a. in
21/13/06

W.F.R.
10/7

FOREIGN OFFICE,
7th July 1950.

C
O
P
Y.

C
O
P
Y.

UNITED NATIONS
LAKE SUCCESS, NEW YORK

Reference: SG 455/1/03

20 June, 1950.

Sir,

I have the honour to acknowledge the receipt of your letter No. 214 (26/113/50E) of 8 June 1950, informing me that His Majesty's Government in the United Kingdom have decided to contribute the sterling equivalent of \$9,000,000 (approximately £ 3.2 million inclusive of His Majesty's Government's £ 1,000,000 interest-free loan to Jordan) to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. This response on the part of your Government is deeply appreciated and is especially important at this time when the financial position of the Agency is acute.

I have informed the Director and the Advisory Commission of this generous response on the part of your Government.

You have expressed the hope that the advice of the new Agency will be available to the Jordan Government for the purpose both of reviewing plans drawn up in collaboration with the United Nations Economic Survey Mission for the Middle East and of preparing projects to be financed from the balance of the loan. In this connection, I am glad to be able to inform you that the Director, Mr. Howard Kennedy, and the Advisory Commission have had several consultations with officials of the Hashimite Kingdom of the Jordan and have already approved six works projects for development. They are all concerned with the construction of roads in the following areas - Tulkarm, Jenia, Ramallah, Bethlehem and Hebron. These projects await the approval of the Jordan Government and the availability of funds. The immediate availability of £500,000 of your Government's contribution, as stated in your letter, will, it is hoped, facilitate action on the projects in the immediate future.

I should be grateful if you would express my gratitude and transmit this information to your Government.

I have the honour to be,

Sir,

Your obedient Servant

His Excellency
The Right Honourable
Sir Alexander Cadogan
G.C.M.G., K.C.B.
Permanent Representative of the
United Kingdom to the United Nations
61st Floor
350 Fifth Avenue
New York 1, N. Y

(Sgd.) Trygve Lie
Secretary-General

Reference *IF 21/13/06.*

Extract from Hansard 19.6.50.

ARAB REFUGEES (RELIEF)

62. **Mr. Sorensen** asked the Secretary of State for Foreign Affairs what is now the position in respect of our contribution for Arab relief; and what contribution we are making to the United Nations for this purpose.

Mr. Ernest Davies: As I informed the House in my speech in the Debate on the Adjournment on 23rd May, His Majesty's Government is contributing £3,200,000 sterling, inclusive of the £1 million interest-free loan to Jordan.

13 D 18

XF034/1650

352

Ref:- IF 21/13/06.

WITH THE COMPLIMENTS
OF THE
UNDER-SECRETARY OF STATE
FOR FOREIGN AFFAIRS

W. Field Robinson, Esq.,

The Treasury.

1. ~~Miss Burch (to see)~~
2. I.F.C.S. pa.

Foreign Office.

26th July, 1950

21/13/06

W.F.R.
27/7

(XF034/1650)

26th July, 1950.

Unclassified

Dear Mr. Brown,

Many thanks for your letter 4/3 of the 10th July, regarding the purchase in this country of various medical supplies for export to the Beirut area to a total value of £16,437/5s.

As the result of subsequent discussions with General Kennedy, it has been agreed to simplify the arrangements whereby transfers and payments are made from the United Nations Relief and Works Agency's Special Resident Account with Lloyds and National Provincial Foreign Bank Limited at 10, Moorgate, E.C. The revised arrangements are set out in the accompanying copy of a letter which has been sent to Lloyds and National Provincial Foreign Bank Limited.

Although prior reference to the Foreign Office will no longer be necessary, I should be grateful if you could let me have a statement (in triplicate) at periodical intervals (quarterly will do) of payments made from your London account, specifying briefly the nature of each payment or block of payments, i.e. sterling payments for goods purchased in the United Kingdom, transfers to Iraq, Jordan, Syria, Lebanon, Israel, Egypt, as the case may be. If you agree, perhaps the first of these statements could cover the period to 30th September, 1950.

Yours sincerely,

(H.W. Minshull)

H.C. Brown, Esq.,
United Nations Relief and Works Agency for Palestine, Refugees,
Maison U.N.R.S.C.O.,
Beirut.

FOREIGN OFFICE.
S.W.1.

26th July, 1950.

Sir,

With reference to the Special Resident Account maintained by you for the United Nations Relief and Works Agency for Palestine Refugees, I am directed by Mr. Younger to inform you that the arrangements set out below have been agreed with His Majesty's Treasury:-

Convertibility.

Transfers may be made from the Agency's Account to Iraq and Jordan without limit; and to Syria, Lebanon, Israel and Egypt up to £75,000 each per quarter. Lloyds and National Provincial Foreign Bank Limited will be authorised to allow transfers within the above mentioned limits without specific approval, and the necessary authority will be issued by the Bank of England in due course.

Purchase of Goods.

Payments in respect of the purchase of goods in the United Kingdom and the Sterling Area for shipment to the six Middle East countries mentioned above may be made, without specific authority, from the Special Resident Account.

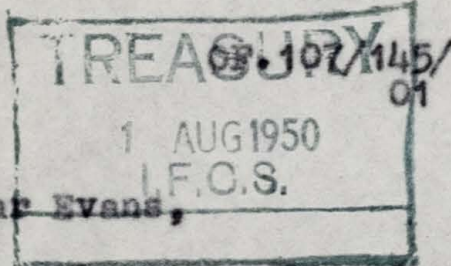
The Manager,
Lloyds and National
Provincial Foreign Bank Limited,
10, Moorgate,
E.C.2.

I am,
Sir,
Your obedient Servant,

(Copy to H.W. Marshall.)

With Mr. W. Field Robinson's Compliments.

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Treasury Chambers
S.W.1.

I.F.C.S.
 This copy to be filed
 in I.F. 21/13/05
 W.F.R.
 29/7

29th July, 1950

Dear Evans,

The Bank of England have drawn our attention to a complaint made to them by Suleiman Pasha, Finance Minister of Jordan, about U.N. Relief and Works Agency (and U.N.R.P.R. before that) forcing him to accept Lebanese currency in payment for wheat purchased in Jordan. *how*

This practice is highly distasteful to us for two main reasons viz:- (a) Jordan being in the Sterling area, we expect U.N.R.W.A. to pay for purchases in that country with the Sterling we have contributed. (b) We understood when U.N.R.P.R. in the past, and more recently U.N.R.W.A. asked us for permission to transfer Sterling from their Special Resident Account in London into Lebanese currency, this was for the purpose of financing their branch office in the Lebanon and for the maintenance of and supplies for Refugees in that country, and not for use in other countries or conversion into other currencies.

I should feel obliged if you would kindly bring this to the notice of U.N.R.W.A., either direct or through Sir Henry Knight, whichever you think best, and request that the practice be discontinued forthwith.

Yours sincerely,

W.F.R.

T. E. Evans, Esq., O.B.E.
 Middle East Secretariat,
 Foreign Office,
 Downing Street,
 S.W.1.

Mr Ashford
Miss Church 356

OUTWARD TELEGRAM

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DEPARTMENTAL DISTRIBUTION

FROM FOREIGN OFFICE TO BEIRUT

No. 386

5th September, 1950

D. 11.15 a.m. 6th September, 1950.

CONFIDENTIAL

Addressed to Beirut telegram No. 386 of September 5th
Repeated for information Saving to Washington No. 3553
New York (UKDEL.) No. 700
B.M.E.O. (Cairo) No. 636

Following for Sir Henry Knight.

Relief and Works Agency Report.

We assume that the Report in addition to reviewing the Agency's work will make recommendations on the following:

- (a) continuation of direct relief after 31st December 1950.
- (b) prolongation of the Agency's life after 30th June 1951.
- (c) the refugee problem against a background of general economic development in the Middle East.
- (d) the transfer to local governments of responsibility for the operation of direct relief and relief works.

2. The State Department are in favour of (a) and (b).— see Mr. Greenhill's letter of the 23rd August.

3. We agree that there is a strong case for (a) though it must be remembered that the longer direct relief continues the less funds will be available for works projects. We consider that the period of further direct relief should be decided by the Director and Advisory Commission jointly. This would leave the ultimate decision to the Governments who have subscribed the bulk of the funds including His Majesty's Government.

4. As regards (b) we could agree to support the inclusion of a recommendation that the life of the Agency should be extended for one year but you should make it clear that this is without commitment on the part of His Majesty's

/Government to contribute

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FOREIGN OFFICE TELEGRAM NO. 386 TO BEIRUT

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Government to contribute further funds.

5. As regards (c)(general economic development) it is possible that the State Department may also wish to see the inclusion of the recommendations covering the use of point 4 funds etc., - see your letter of the 15th August. But it may be that what Mr. Blandford told you reflected his own thinking rather than that of the State Department. We would certainly wish to see the Report emphasising that the refugee problem can only be solved within the framework of economic development. We feel, however, that the present report should not repeat not make far-reaching recommendations and in particular it should not endorse the recommendation in the Final Report of the Economic Survey Mission, regarding the creation of a special fund, to be put at the disposal of the Advisory Commission for Pilot Demonstration Projects. The Final Report of the Economic Survey Mission was of course submitted after the last session of the General Assembly.

6. As you will have seen from Mr. Greenhill's letter of the 23rd August the State Department are in favour of extending the terms of reference of the Agency to include specific mention of the compensation of refugees and their resettlement outside Israel. We are very doubtful whether this is necessary or desirable.

The Agency can deal with both these problems under its present terms of reference. The question of compensation is highly political and its inclusion in the terms of reference would mean that the Agency would no longer be able to claim that it was not concerned with the political aspects of the Palestine problem. Furthermore there is no evidence that the Agency would be more successful than the Palestine Conciliation Commission in dealing with this problem. As regards resettlement outside Israel, the Arab governments have, as you know, raised the question of repatriation as a separate item on the

/Assembly

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OUTWARD TELEGRAM

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FOREIGN OFFICE TELEGRAM NO. 386 TO BEIRUT

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Assembly agenda and officially they are bound to show themselves hostile to the idea of resettlement.

The inclusion in the terms of reference of any specific mention of resettlement might make it more difficult for the Arab governments to cooperate with the Agency or to agree unofficially to the Agency undertaking works projects leading to resettlement. There is also the general consideration that one of the great merits of the Resolution as it stands is that the U.S.S.R. and its satellites are excluded from interfering with the work of the Agency. The less opportunity the Russians have of tampering with the terms of the Resolution the better and the Agency's report should be drafted with this in mind.

7. The report should, we think, include recommendations regarding (d) which is an essential part of the Agency's programme.

8. The above is intended as provisional guidance in your task of assisting the Director in drafting the report. Further instructions will, if necessary, be sent to you in the light of your reports on your latest visits to Middle East capitals, your own comments and discussions with the State Department.

DISTRIBUTED TO:-

- Eastern Department
- African Department
- Middle East Secretariat
- United Nations (Political) Department
- United Nations (Economic and Social) Department

Handwritten mark

TREASURY
25 SEP 1950
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IF. 21/13/06

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359

Treasurer ref:- IF. 21/13/06
WITH THE COMPLIMENTS

OF THE
UNDER-SECRETARY OF STATE
FOR FOREIGN AFFAIRS

Min ~~E.M. Church,~~
~~The Treasury~~

~~IFCS~~
~~W. S. H. H.~~
PA.
20/9

Foreign Office,
22nd Sept, 1950

Summary of Position

Arab Refugees
UNRWA

Period 18 months
Jan. 1950 to July 1951 - direct relief to Dec. 1950

Total fund \$54,900,000 (\$34 m. for works) (\$20 m. for relief)

U.S. Contribution \$27,450,000

U.K. Contribution \$9,000,000 = £3.2 m.

{ and £1 m. loan to Jordan }
{ all to be spent on works }
Of total U.K. contribution £2.016 m. for works
£1.184 m. for relief

U.K. 1950/1 Estimates

Original Jordan loan

£500,000

Supplementary Jordan loan

£750,000

Balance of £1.2 m. to be provided in 1951/2

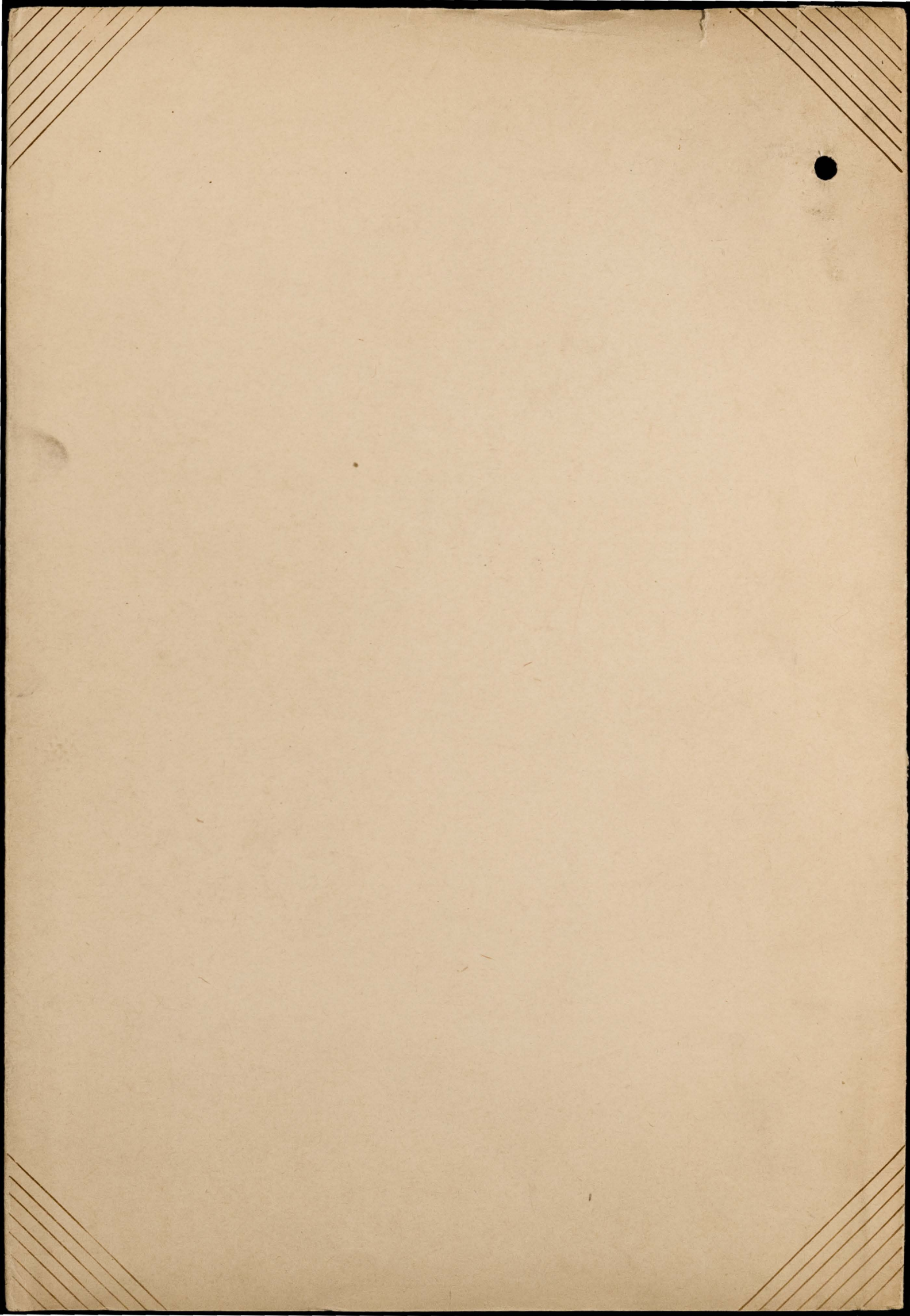
Estimates. Provisional estimate for UNRWA for period June 1950 to July 1952 \$100,000,000

Note

Mr Clough & I attended a meeting at F/O, & heard the proposals of Sir Henry Knight for very considerable expenditure on U.N.R.W.A.

Papers are with Mr Clough.

[Signature]



Arab refugees: relief and resettlement. 1950. MS Refugee Records from the Offices of the United Kingdom, 1947-1970 T 220/150. The National Archives (Kew, United Kingdom). Refugees, Relief, and Resettlement, link.gale.com/apps/doc/IUASGM612435946/RRRW?u=omni&sid=bookmark-RRRW&pg=1. Accessed 6 Apr. 2024.